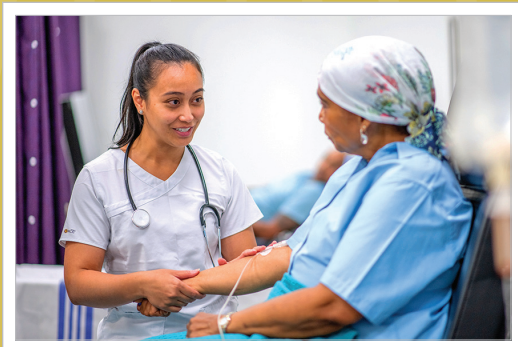




Office of the Auditor General of Ontario

Annual Report *2019*

Follow-Up
Report on Audit
Recommendations



Volume 4



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 4 of the *2019 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". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Bonnie Lysyk, MBA, FCPA, FCA
Auditor General

Fall 2019
Toronto, Ontario

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Bonnie Lysyk
Auditor General of Ontario

Reflections

When we perform value-for-money audits, we spend considerable time with the organizations we audit—ministries, Crown agencies and organizations in the broader public sector (such as hospitals, long-term-care homes, school boards, universities and colleges)—discussing how their programs and services are delivered to Ontarians and whether they can be delivered more efficiently, economically and effectively.

Our audit work culminates in the issuance of value-for-money audit reports that contain considerable information about the particular subject we have audited. These reports almost always include recommendations designed to improve performance.

Reports are written to provide useful information for senior decision-makers in government and the broader public sector who seek to determine how programs and services can better serve Ontarians, if they are operating in compliance with legislation, and if resources used are achieving the desired program or service outcomes.

Where applicable, our reports also answer questions as to whether there is appropriate oversight of those receiving taxpayer funds and whether monies disbursed through transfer payments, grants or other contractual arrangements are being used as intended. Our reports also look at innovative practices of programs and delivery models elsewhere in Canada, the US and often other jurisdictions such as the United Kingdom and Australia. Although we

will not question government policy, our reports may challenge the status quo on how government policy has been implemented or delivered.

Recommendations are a critical part of our audit reports; their implementation is important to drive positive improvements in the cost-effective delivery of programs and services for Ontarians. The audit process seeks input and agreement on these recommendations from senior management in the entities we audit prior to the finalization of the reports.

After our reports are tabled, we operate with the understanding that the recommendations in those reports will be implemented within a reasonable period of time, which can vary depending on the complexity and work required to implement each recommendation.

Sometimes, recommendations will no longer be applicable—for example, if there have been policy and program changes since our report was issued, or an alternative action has been taken to achieve a positive program or service outcome; this is reasonable and expected. Other recommendations are implemented slowly, or not at all, which can mean that their potential benefits are either delayed or lost.

We have, for a long time, issued follow-up reports two years after publication of the original report to assess the progress made in implementing our recommendations. However, we found that many recommendations older than two years had not been implemented, and the implementation

rate seemed to stagnate after our two-year follow-up reports.

As a result, we set up a team three years ago, with the responsibility to follow up on our recommendations older than two years (beginning with recommendations from our *2012 Annual Report*). We also did this because our audit work showed that recommendations we issued in the past often had to be made again because program and service issues raised in past audits had still not been addressed. Following up on recommendations is often more cost-effective than re-auditing the same operations (where changes have been minimal). It is encouraging that we are seeing, through our follow-up work, steadily increasing implementation rates for recommendations from past years. However, implementation needs to be timelier—it has been taking far too many years before significant improvements to some programs and services are made.

This is illustrated by our comprehensive audit of the Ontario Disability Support Program in **Volume 1, Chapter 3, Section 3.09** of this year's Annual Report, which again highlights some program delivery issues that could have been addressed sooner if our recommendations from previous years' audits of this program had been implemented. There are qualitative and quantitative benefits to be gained from speedier implementation of audit recommendations.

Although we also noted in this year's report that some ministries, agencies and organizations within the public and broader public sectors act faster to implement most if not all of their recommendations, others have implemented or plan to implement only a few recommendations. We encourage the latter to revisit outstanding recommendations and engage us in further discussions on how programs and services can benefit from their implementation.

Finally, a few comments regarding the work of the Standing Committee on Public Accounts of the Ontario Legislature. All of our reports are referred to this Committee once they are tabled in the Legislature. The Committee may issue its own reports on topics related to our audits and these are also tabled in the Legislature.

We believe the Committee's work is critical in holding ministries, agencies and organizations in the public and broader public sectors accountable to improve the delivery of programs and services to Ontarians. Their recommendations and/or information requests are, in most cases, being acted on. We also encourage timelier action and implementation of the Committee's recommendations.

Acknowledgements

I would like to thank the many people in the public and broader public sectors who have assisted us with completing this year's follow-up work.

The information contained in this volume of our *2019 Annual Report* is the result of the excellent work of the dedicated staff of my Office, with assistance from staff in Ontario's Internal Audit Division. A special mention goes to Mr. Richard Kennedy, the former Chief Internal Auditor and Assistant Deputy Minister, Ontario Internal Audit Division, for his cooperation and assistance over the years.

I would also like to acknowledge and express my sincere thank you to Mr. Rudolph Chiu, Assistant Auditor General, Health, Energy and Justice, who will be retiring in December 2019 after dedicating over 37 years of public service to our Office. He has significantly contributed to making constructive recommendations to improve program and service delivery in the public and broader public sectors intended to inform and benefit the Legislature and all Ontarians.

We look forward to continuing to serve the Members of Provincial Parliament, and through them, the citizens of Ontario by recommending program and service delivery improvements for the benefit of Ontarians.

Sincerely,



Bonnie Lysyk, MBA, FCPA, FCA
Auditor General of Ontario

Summary

Introduction

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

We believe that identifying issues and providing recommendations 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 previous recommended actions.

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

This year, this volume contains the follow-up work we completed on our 2017 value-for-money audits, on the 2017 Special Report titled *The Fair Hydro Plan: Concerns About Fiscal Transparency, Accountability and Value for Money*, and on the recommendations issued by the Standing Committee on Public Accounts of the Legislative Assembly (Committee) in 2018. In addition, we have once

again included **Chapter 4**, which contains our follow-up work on all audit recommendations issued in the five-year period from 2012 to 2016, and Committee recommendations from 2015 to early 2018.

Chapter 1—Follow-Up Reports on Value-for-Money Audits in 2017 Annual Report

This chapter contains 16 follow-up reports from the value-for-money audits published in our *2017 Annual Report*. We note that, consistent with previous years, progress has been made in two years toward implementing 69% of our recommended actions (66% in 2018). We note that 32% have been fully implemented (35% in 2018).

We are encouraged by the implementation of our recommendations and program improvements in a number of areas from specific chapters in our *2017 Annual Report*. For example:

- **Chapter 1.15 Quality of Annual Reporting**—Treasury Board Secretariat has made significant progress in many areas including, for example, amending the Agencies and Appointments Directive, effective January 1, 2019, to require that board-governed provincial agencies include outcome-based reporting in their annual reports. It has implemented 100% of our recommended actions.
- **Chapter 1.16 Public Accounts of the Province**—The Ministry of Finance and Treasury Board Secretariat have either fully

implemented or are in the process of implementing 86% 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.

- **Chapter 1.06 Independent Electricity System Operator—Market Oversight and Cybersecurity**—As of August 31, 2019, the Independent Electricity System Operator (IESO), the Ministry of Energy, and the Ontario Energy Board (OEB) had fully implemented 50% of actions we recommended in our *2017 Annual Report*, with another 33% in progress. For example, since our audit, the IESO has replaced the Oversight Division's computer system.
- **Chapter 1.02 Cancer Treatment Services**—The Ministry of Health (formerly the Ministry of Health and Long-Term Care) and Cancer Care Ontario have fully implemented 49% of our recommended actions and are in the process of implementing another 36%. One such action is developing a strategy to increase the accessibility of radiation treatment services to patients who do not live close to a radiation centre. Another involved improving the process for sharing information on drug shortages and inventory.

While we were encouraged by the progress made on many of the other recommended actions from our *2017 Annual Report*, we have also noted areas where little or no action had been taken. For example, while partial progress was made on the implementation of recommendations, certain ministries were unable to provide the dates by which the recommendations would be fully implemented.

- **Chapter 1.13 Settlement and Integration Services for Newcomers**—The Ministry of Children, Community and Social Services (newcomer services were formerly under

the Ministry of Citizenship and Immigration) has made little progress on over 69% of our recommended actions. The Ministry indicated that it would need more time to implement the recommendations, including, for example, recording all relevant service and financial information in its information systems to enable periodic monitoring of the services and the service providers it funds. It also said it needed more time to review and assess significant differences between service-provider costs to take action where these are not reasonable.

- **Chapter 1.14 Social and Affordable Housing**—The Ministry of Municipal Affairs and Housing had made little or no progress on 58% of our recommended actions. Some of the areas that still required significant work included gathering and analyzing information on social-housing vacancy rates, wait lists and the living conditions of individuals on the wait lists so as to enable housing programs to be designed based on actual need. Another area requiring significant work was co-ordination with municipal service managers and the ministries of Colleges and Universities, and Labour, Training and Skills Development (formerly the Ministry of Advanced Education and Skills Development) and of Children, Community and Social Services (formerly the Ministry of Community and Social Services) to support social-housing recipients transitioning out of social housing. More work was also needed in the area of requiring that municipal service managers conduct reviews, and implement policies and procedures to ensure that social housing subsidies are provided only to eligible tenants.
- **Chapter 1.04 Emergency Management in Ontario**—The Ministry of the Solicitor General (formerly the Ministry of Community Safety and Correctional Services) had made little or no progress on 44% of our recommended actions. For instance, no progress

had been made in undertaking a review of the needs of municipalities and its own staffing practices to provide an appropriate level of support to assist municipalities in preparing for emergencies.

- **Chapter 1.08 Ministry Funding and Oversight of School Boards**—The Ministry of Education had made little to no progress on 43% of our recommended actions. For instance, it has not conducted a comprehensive review of its funding formula, including all grant components and benchmarks.

Chapter 2—Follow-Up Reports on Special Report

As of June 10, 2019, the government had fully implemented both of the actions we recommended in our 2017 special report, titled *The Fair Hydro Plan: Concerns About Fiscal Transparency, Accountability and Value for Money*. Since our audit, the province has recorded the full financial impact on its consolidated financial statements of the reduction in Ontarians' electricity rates mandated by the *Ontario Fair Hydro Plan Act, 2017*. This change enabled the Office of the Auditor General of Ontario to issue a “clean,” or unqualified, audit opinion on the consolidated financial statements for the 2017/18 fiscal year—the first such unqualified audit opinion after two years of qualified audit opinions.

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

The Standing Committee on Public Accounts (Committee) is currently composed of MPPs from both parties with official status in the legislature (the Progressive Conservatives and the New Democratic Party) and an MPP from the Liberal Party, and is supported by its Committee Clerk and legislative researchers. Committee members are dedicated to improving government programs and services delivered to—and funded by—the people of

Ontario. In addition to holding hearings on selected chapters and sections from our annual reports and on selected 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 in five reports it tabled in April and May of 2018. We continue to see a positive response from government and agencies in the broader public sector to the Committee's work. Overall, 63% of the recommended actions or requests for information made by the Committee in these five reports were fully implemented or fulfilled. In particular, Metrolinx fulfilled the Committee's requests for information in 100% of the 15 requests for information as highlighted in **Section 3.03 Metrolinx—Public Transit Construction Contract Awarding and Oversight**.

Regarding the follow-up report in **Section 3.01 Immunization**, actions taken were limited. Of the 18 actions recommended by the Committee, the Ministry of Health has fully implemented only 3.5 of them and was in the process of implementing another seven. It had made little or no progress on implementing three actions and advised us it will not implement the remaining 4.5, or 25%, of the Committee's other recommended actions.

Chapter 4—Follow-Up on Recommendations from 2012 to 2018

Follow-Up on Audit Recommendations Issued by the Office of the Auditor General from 2012 to 2016

This chapter marks the third 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, 2014, 2015, along with the addition of 2016 this year.

We found that the implementation rate of recommended actions from prior years is generally increasing as time goes by. Last year, in our *2018 Annual Report*, we reported that the implementation rate of the total 869 recommended actions that we expected to be implemented from four years of annual audit reports from 2012 to 2015 was 59%. In 2019, the rate of implementation has now increased to 63%. Another 26% of recommended actions have been identified by ministries, agencies, government organizations and broader-public-sector organizations as being in progress of being implemented within the next few years. If implemented, the expected rate of implementation for recommended actions issued between 2012 and 2015 will be 89%. Although the continuing increase in implementation is encouraging, we still believe that the rate of implementation could be better so that programs and services can sooner benefit from the impact of recommended changes.

This year we added 2016's recommendations and are now following up on five years of past recommendations. Of the total 1,251 recommended actions that we expected to be implemented from our five years of annual reports from 2012 to 2016, we found that 56% had been fully implemented, and ministries, agencies, government organizations and broader-public-sector organizations advised us that 29% were in the process of being implemented, for an expected rate of implementation of 85% (see **Figure 1 in Chapter 4**).

The overall implementation rate for recommended actions from 2012 to 2016 includes ministries, agencies, government organizations and broader-public-sector organizations that have implemented most recommendations, as well as some that have implemented only a few.

Those entities with more than 30 recommended actions—Psychiatric Hospitals, Treasury Board Secretariat, Metrolinx, Ministry of Economic Development, Job Creation and Trade, and Ministry of Energy, Northern Development and Mines, many hospitals, and some school boards, universities,

Local Health Integration Networks, and Child and Youth Mental Health Centres—implemented over 70% of recommended actions issued in our annual reports from 2012 to 2016.

In contrast, the Ministry of Labour, Training, and Skills Development had implemented only 25%, with all of the recommended actions still outstanding pertaining to the 2016 Employment Ontario report, while indicating that it is in the process of implementing the majority of the remaining recommended actions. As well, the Ministry of Health had only implemented 33% of all of the recommended actions, and has said it is in the process of implementing the majority of the remaining recommended actions.

This year, we also classified outstanding recommended actions into what we believed were reasonable time frames for ministries and other organizations to implement: either two years (short-term) or five years (long-term).

The percentage of outstanding short-term recommended actions has decreased from a year ago. However, the percentage still outstanding stood at 25% of the 60 recommended actions issued in 2012; 29% of the 74 issued in 2013; 22% of the 215 issued in 2014; 41% of the 201 issued in 2015; and 52% of the 303 issued in 2016 (see **Figure 4 in Chapter 4**). Given the nature of the recommendation, we would have expected all of the short-term recommendations from our 2012 to 2016 annual reports to have been implemented by now.

From our review of all recommended actions issued from 2012 to 2016, we noted that those addressing public reporting have had the lowest implementation rate. Other types of recommendations with low implementation rates relate to economy/funding or costs, and access to care/services (see **Figure 6 in Chapter 4**).

Follow-Up on Recommendations Issued by the Standing Committee on Public Accounts from 2015 to Early 2018

As of March 31, 2019, 59% of recommended actions issued by the Standing Committee on Public Accounts from March 2015 to March 2018 had been fully implemented by ministries, agencies, government organizations and broader-public-sector organizations, and another 25% were in the process of being implemented, for an expected rate of implementation of 84% (see **Figure 7** in **Chapter 4**).

Of the 29 ministries, agencies, government organizations and broader-public-sector organizations that were the subject of Committee reports tabled between March 2015 and March 2018, nine entities have fully implemented or fulfilled all of the Committee's recommended actions/requests for information: the Ministry of Colleges and Universities, the Ministry of Infrastructure, the Independent Electricity System Operator, Infrastructure Ontario, Ontario Power Generation, Women's Issues, Rouge Valley Health Partners – Lakeridge Health and Scarborough Hospital, and McMaster University. Two organizations had implemented fewer than 25% of recommended actions, including the Ministry of Labour, Training and Skills Development (all of the outstanding actions are from the Employment Ontario report that was issued in 2017), and the Ministry of Economic Development, Job Creation and Trade.

Follow-Up Reports on *2017 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 *2017 Annual Report* and describe the status of actions that have been taken to address our recommendations since that time, as reported by management.

We conduct our follow-up work and report on the results in accordance with the applicable Canadian Standards on Assurance Engagements—Direct Engagements issued by the Auditing and Assurance Standards Board of the Chartered Professional Accountants of Canada. Our Office complies with the Canadian Standard on Quality Control. We comply with the independence and other ethical

requirements of the Code of Professional Conduct issued by Chartered Professional Accountants of Ontario, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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 assurance engagement that obtains a reasonable level of assurance, such as 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 had been made toward implementing 69% of our recommended actions, including 32% of them that had been fully

implemented. The ministries that had made the most progress toward fully implementing our recommended actions from 2017 include the Ministry of Finance and Treasury Board Secretariat on our report on Toward Better Accountability—Quality of Annual Reporting and on our audit of the Public Accounts of the Province; the Ministry of Health (formerly the Ministry of Health and Long-Term Care) in conjunction with Cancer Care Ontario on our audit of Cancer Treatment Services; and the Ministry of Energy on our audit of Independent Electricity System Operator—Market Oversight and Cybersecurity.

However, little or no progress had been made on 27% of our recommended actions. The Ministry of Children, Community and Social Services had made little or no progress on implementing over 69% of the recommended actions in our audit of Settlement and Integration Services for newcom-

ers; the Ministry of Municipal Affairs and Housing had made little or no progress on 58% of the recommended actions in the Social and Affordable Housing audit; and the Ministry of the Solicitor General (which was the Ministry of Community Safety and Correctional Services at the time of our 2017 audit) had made little or no progress on 44% of the recommended actions in the Emergency Management in Ontario audit. For instance, no progress had been made by the Ministry in undertaking a review of the needs of municipalities and its own staffing practices to provide an appropriate level of support to assist municipalities in preparing for emergencies.

Seven (or 2%) of our recommended actions are no longer applicable, and 10 (or 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 2017 Annual Report

Prepared by the Office of the Auditor General of Ontario

Report Section	# of Recs	# of Actions Recommended	Status of Actions Recommended				
			Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
1.01 Assessment Review Board and Ontario Municipal Board	13	24	8	8	3	4	1
1.02 Cancer Treatment Services	18	33	16	12	5	0	0
1.03 Community Health Centres	9	22	5	13	4	0	0
1.04 Emergency Management in Ontario	14	39	6	14	17	2	0
1.05 Farm Support Programs	14	20	4	10	5	1	0
1.06 Independent Electricity System Operator—Market Oversight and Cybersecurity	18	24	12	8	1	0	3
1.07 Laboratory Services in the Health Sector	12	25	7	13	4	0	1
1.08 Ministry Funding and Oversight of School Boards	15	23	3	9	10	1	0
1.09 Ontario Public Drug Programs	10	20	5	12	2	0	1
1.10 Public Health: Chronic Disease Prevention	11	22	7	14	1	0	0
1.11 Real Estate Services	13	28	9	10	9	0	0
1.12 School Boards' Management of Financial and Human Resources	11	23	9.25	5	8.5	0.25	0
1.13 Settlement and Integration Services for Newcomers	10	23	2.5	4.5	16	0	0
1.14 Social and Affordable Housing	15	24	5	3	14	2	0
1.15 Toward Better Accountability—Quality of Annual Reporting	5	10	10	0	0	0	0
1.16 Public Accounts of the Province	10	14	10	2	1	0	1
Total	198	374	118.75	137.5	100.5	10.25	7
%	—	100	32	37	27	2	2

Chapter 1

Section 1.01

Ministry of the Attorney General

Assessment Review Board and Ontario Municipal Board

Follow-Up on VFM Section 3.01, *2017 Annual Report*

RECOMMENDATION STATUS OVERVIEW						
	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the 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	2	1			
Recommendation 4	1				1	
Recommendation 5	1				1	
Recommendation 6	1			1		
Recommendation 7	4	1	2		1	
Recommendation 8	2	1	1			
Recommendation 9	3	1	2			
Recommendation 10	1			1		
Recommendation 11	2		1			1
Recommendation 12	1				1	
Recommendation 13	1			1		
Total	24	8	8	3	4	1
%	100	33	33	13	17	4

Overall Conclusion

As of June 28, 2019, the Ministry of the Attorney General (Ministry) and Tribunals Ontario (Tribunals—formerly Environment and Land Tribunals

Ontario), had fully implemented 33% of actions we recommended in our *2017 Annual Report*. They had also made progress in implementing a further 33% of recommended actions.

The Ministry and the Tribunals had fully implemented recommendations such as establishing

a target for resolution of the Assessment Review Board's non-residential appeals, and for measuring actual performance against that target. At the time of this follow-up, the Assessment Review Board had set a target of resolving 85% of non-residential appeals within 135 weeks from the start date of the case. Its case-management system generates a report that allows staff to track the number of appeals with decisions released within this target.

The Local Planning Appeal Tribunal (formerly the Ontario Municipal Board) also fully implemented a recommended action to provide additional training to members about making decisions within their authority to avoid perception of bias. In 2018/19, the Tribunal held seven training sessions which, on average, were attended by about 94% of Tribunal members.

However, the Ministry and Tribunals had made little or no progress on 13% of the recommended actions, such as investigating cases in which members of the Local Planning Appeal Tribunal consistently took longer than the target times to issue a decision and take necessary actions to reduce delays.

In addition, the Ministry and Tribunals will not be implementing 17% of the recommended actions, including conducting a cost/benefit analysis of providing audio-recording services for hearings conducted at the Assessment Review Board and Local Planning Appeal Tribunal, as well as monitoring and analyzing the actual time spent by individual board members on their work. The Assessment Review Board and Local Planning Appeal Tribunal indicated that the primary reasons for not implementing these actions were organizational changes in the new Tribunals Ontario, and financial constraint. The position of the Office of the Auditor General is that the Ministry and Tribunals should continue to explore options to implement these recommendations.

One of the recommended actions was no longer applicable due to a recent change in legislation under Bill 108, which gave the Appeal Tribunal legislative power to set new rules regarding the use

of mandatory mediation. This will replace the need for setting a target percentage for mediation as recommended in our last audit.

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

Background

Our 2017 audit focused on operations of the Assessment Review Board and the Ontario Municipal Board, both at the time part of Environment and Land Tribunals Ontario and both responsible for adjudicating property issues.

Since that audit, there have been major organizational changes to both organizations. First, legislation proclaimed on April 3, 2018, replaced the Ontario Municipal Board with the Local Planning Appeal Tribunal. Second, Environment and Land Tribunals Ontario became the Environment and Land Division of the new Tribunals Ontario, established on January 1, 2019. Both the Assessment Review Board and the Local Planning Appeal Tribunal now fall under the Environment and Land Division of Tribunals Ontario.

Assessment Review Board (Review Board)

The Review Board hears appeals mainly about residential and non-residential property assessments and classifications made by the Municipal Property Assessment Corporation, which assesses and classifies all properties in Ontario. The Corporation's decisions affect how much property tax an owner pays to a municipality, and an owner can appeal an assessment to the Review Board.

Our concerns related to the Review Board included the following:

- Despite a decrease since 2009 in the total number of appeals it received, the Review Board still had a backlog as of March 2017 of about 16,600 unresolved appeals.

- Delays in resolving high-dollar assessment appeals impaired the ability of small municipalities to manage their fiscal affairs, because property taxes on such properties accounted for a significant portion of their tax base.
- Board members used their professional judgment, based on evidence presented, to render either an oral decision at the end of a hearing or a written decision at a later date. Oral decisions accounted for about 80% of the total and, unlike written ones, were not subject to peer quality-assurance review.
- The selection process of members to a tribunal should be competitive and merit-based as per the *Adjudicative Tribunals Accountability, Governance and Appointment Act, 2009*. However, we found that board members appointed in 2014 had been ranked low during a recruitment competition.

Ontario Municipal Board (Municipal Board)

The Municipal Board heard appeals primarily related to land-use planning matters, such as amendments to municipalities' Official Plans and zoning bylaws, and minor variances.

In May 2017, the government introduced Bill 139 (passed in December 2017 and proclaimed on April 3, 2018), which repealed the *Ontario Municipal Board Act* and replaced it with the *Local Planning Appeal Tribunal Act*. The name of the Municipal Board was also changed to the Local Planning Appeal Tribunal (Appeal Tribunal).

At the time of our 2017 audit, a major concern expressed by municipalities was that the former Municipal Board sometimes exceeded its jurisdiction by arbitrarily overturning sections of municipalities' Official Plans using improper interpretations of the *Planning Act*. Several municipalities told us that they spent millions of taxpayer dollars to defend their Official Plans, which had already been approved by their elected councils and the Province.

Subsequent to our 2017 audit, a major change under the new *Local Planning Appeal Tribunal Act* was that the Appeal Tribunal could overturn a municipal land-use planning decision only if it had failed to follow provincial policies or municipal plans.

However, on June 6, 2019, the Ontario government passed Bill 108, which reversed this restriction and broadened the range of decisions that the Appeal Tribunal could overturn.

Among our 2017 audit findings related to the former Municipal Board:

- In a majority of cases, only one Municipal Board member was assigned to conduct hearings into an individual case. As well, the Municipal Board did not provide audio-recording services at hearings for subsequent internal and/or external reviews.
- In 2016/17, the Municipal Board scheduled only 44% of minor variance cases for a hearing within 120 days of receipt of a complete application package, well below its target of 85%. For complex cases that were closed in 2015/16 (the most recent year with available data), the appeal process took between 10 months and almost seven years from case received to case closed.
- The Municipal Board had done no analysis to determine whether it had a sufficient number of members to handle existing workloads and reduce delays in scheduling and resolving appeals. Despite 80% of decisions being issued within 60 days after the end of a hearing, many others took almost a year to get done.
- We found that documentation was incomplete to demonstrate how the board members were selected in 2016.

Our report contained 13 recommendations, consisting of 24 actions, to address our audit findings.

We received commitments from the Ministry of the Attorney General and the then Environment and Land Tribunals Ontario that they would take action to address our recommendations.

Status of Actions Taken on Recommendations

We conducted assurance work between April 1, 2019, and June 28, 2019. We obtained written representation from the Ministry of the Attorney General and Tribunals Ontario that effective October 31, 2019, they had provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Assessment Review Board (Review Board)

Property Owners Wait Years for Property Assessment Appeals To Be Resolved

Recommendation 1

To help ensure timely resolution of appeals, we recommend that the Assessment Review Board:

- *enforce its new timelines, policies and procedures to be complied with by all parties involved in an appeal;*

Status: Fully implemented.

Details

In our 2017 audit, we found that although the total number of residential appeals had decreased significantly since 2009, the Assessment Review Board was struggling to eliminate its backlog, in part due to ineffective caseload-management practices. For example, the Review Board tried to impose a requirement that a pre-hearing be held within 18 months of receipt for all non-residential appeals. However, the Review Board did not enforce this timeline or establish any consequences for non-compliance.

Effective April 1, 2017, the Review Board implemented a new case-management strategy to manage all appeals outstanding at that time (legacy appeals) and any new appeals received for the 2017–2020 assessment cycle. Under the new

strategy, the following rules and processes were established:

- The Review Board set a standard schedule of events for each appeal that required the parties to complete certain tasks after the appeal's assigned start date, including:
 - exchanging documents and providing disclosure;
 - holding a mandatory settlement meeting without the involvement of the Review Board;
 - submitting Minutes of Settlement if the parties are able to settle; and
 - submitting evidence in preparation for a settlement conference or hearing conducted by the Review Board if they are unable to settle.
- Prior to April 1, 2017, the parties were left to themselves to organize their work and no one party had control over how work by both parties was being completed. Since the new strategy was implemented, the Review Board required parties to complete specified actions within a specified timeframe. The Review Board enforces the timeline by administratively moving the appeals forward according to their predetermined schedule of events, even when some items are overdue. Not following the schedule can result in the appeal being dismissed, or decided on the best evidence available.
- *minimize the number of outstanding appeals from the 2017–2020 property assessment cycle;*
Status: In the process of being implemented by July 2023.

Details

Our 2017 audit reported that, as of March 2017, the Review Board had 16,601 unresolved appeals, which was almost three times higher than its target of 5,830. Of the 16,601 unresolved appeals, 14,790 had been outstanding for four years. The remaining 1,811 had been outstanding for more than

four years, and 564 of these had been outstanding between eight and 19 years.

Since our 2017 audit, the Review Board was able to reduce the number of outstanding appeals from 16,601 as of March 2017 to 5,237 as of March 2019. For the 2017–2020 property assessment cycle, as of March 31, 2019, the Review Board received about 31,200 appeals, of which approximately 23,200 (about 74%) remained outstanding. The total number of appeals received included about 2,600 residential appeals, of which approximately 260 (10%) remained outstanding, and about 28,700 non-residential appeals, of which approximately 22,900 (almost 80%) remained outstanding.

In October 2018, the Review Board established new targets with respect to both residential and non-residential appeals as follows:

- For residential appeals, the Review Board’s target is to resolve 85% of them within 40 weeks of the start date. As of March 31, 2019, the Review Board out-performed its target by resolving 93% of them within 40 weeks.
- For non-residential appeals, the Review Board’s target is to resolve 85% of them within 135 weeks (about 2½ years) of the start date. The Review Board has scheduled start dates for the new appeals received for the 2017–2020 assessment cycle between November 2017 and December 2020, which means that, according to the target, the Review Board expected to substantially resolve appeals from the 2017–2020 assessment cycle by July 2023.
- *assess the cost-benefit of using new technology, such as online dispute resolution and storing appeal information and evidence electronically, and take steps to use such technology as warranted.*

Status: Fully implemented.

Details

Our 2017 audit noted that other jurisdictions use advanced technologies that could help the Review

Board manage appeal files more effectively. For example, the Assessment Review Board of the City of Calgary offers an e-portal that allows users to file and manage their appeals on property or business assessments. While Ontario allows users to file appeals electronically, the Calgary e-portal also allows users to submit evidence disclosures, request postponements, submit withdrawal requests and access board decisions through the same secure password-protected portal. One of the tools used by the Property Assessment Appeal Board in British Columbia is online dispute resolution. This involves parties to an appeal communicating with each other on a secure online platform with board facilitation to help resolve disputes.

In mid-2018, the Review Board engaged the Toronto Local Appeal Body of the City of Toronto to learn about the city’s use of technology in case management. Subsequently, the Review Board implemented an electronic (i.e., paperless) hearing file process, in which it electronically organizes and stores on its computer servers all pertinent documents related to an appeal file. Board members can then review these documents on computers provided to them by the Review Board. The process was fully implemented on January 31, 2019. The Review Board also reviewed online dispute resolution, but found it was not a viable option at the time of our follow-up.

Annual Caseload Statistics Reported to the Public Overstated for Many Years

Recommendation 2

To ensure the public is well informed of complete and relevant information and the Assessment Review Board (Review Board) has information useful for its own decision making, we recommend that the Review Board explain how the existing statistics are arrived at and report on the numbers that better reflect its caseloads in its annual report.

Status: Fully Implemented.

Details

We found in our 2017 audit that the then Environment and Land Tribunals Ontario overstated its caseload statistics in its annual reports. The Tribunal calculated its caseload as the sum of original appeals plus “deemed” appeals, which are extensions of original appeals that remain unsettled after their original year of filing. Thus, if an appeal was filed in the first year of a four-year cycle but was not resolved until the fourth year of the cycle, the appeal is counted four times.

We found that, as a result, the numbers shown in the annual reports were significantly overstated—by as much as 507% in 2015/16. The Review Board provided an explanation of the statutory requirement for deemed appeals in its annual report, but the explanation does not quantify or indicate the workload impact of deemed appeals.

We found in our follow-up that the 2017/18 Annual Report of the then Environment and Land Tribunals Ontario began reporting additional details about the Review Board’s workload, including:

- breakdowns of the total number of appeals by original and deemed appeals for the 2017/18 fiscal year;
- breakdowns of the number of properties with assessments under appeal at the end of the fiscal year by file type (i.e., residential and non-residential); and
- the tax appeals caseload for the 2017/18 fiscal year.

Beginning in 2018/19, the Review Board will be reporting as part of Tribunals Ontario’s annual report, which had not been finalized at the time of our follow-up in June 2019.

Evaluation of Review Board’s Overall Performance Needs Improvement

Recommendation 3

To better evaluate and report on its key activities and increase its transparency to the public, we recommend that the Assessment Review Board:

- *establish a reasonable target to resolve non-residential appeals and measure it against its actual performance;*

Status: Fully implemented.

Details

We reported in 2017 that the Review Board measured its performance in a number of areas, but did not measure the timeliness of resolutions of non-residential appeals, which represent the majority of its caseload.

As mentioned in the second action of **Recommendation 1**, the Review Board in October 2018 set a new target of resolving 85% of its non-residential appeals within 135 weeks of the start date of the appeal. It began to track its performance against this target at that time, and its case-management system generates a report that allows staff to track the number of appeals with decisions released within this target.

- *report on other performance measures, which can be separately measured on residential and non-residential appeals, such as user satisfaction, average cost per appeal and average turnaround time in handling appeals, as suggested by the Ministry of the Attorney General;*

Status: In the process of being implemented by end of 2019.

Details

Our 2017 audit noted that there are additional performance measures, such as user satisfaction and cost per appeal, which the Review Board can use. The Ministry of the Attorney General suggested these additional performance measures in 2015 to all tribunals to better evaluate their performances. However, the Review Board was not reporting them at the time of our audit.

In late 2017, the then Environment and Land Tribunals Ontario tested a public satisfaction survey for the four boards and one tribunal under it, including the Review Board. The survey results indicated that, overall:

- more than 75% of respondents were at least somewhat satisfied with the service received;
- over 85% said the written decision report they received was at least somewhat easy to understand;
- about 85% agreed at least somewhat that board members helped them understand what was happening during the hearing or mediation; and
- over 85% who interacted with a staff person agreed at least somewhat that the staffer helped them understand what was happening during the hearing or mediation.

About 10% of responses were from individuals who had interacted with the Review Board and 86% were from those who had dealt with the Ontario Municipal Board. However, the survey results were aggregated, and so offered no specifics on any one board or tribunal. At the time of our follow-up, the Review Board was reviewing its strategy for measuring user satisfaction in light of the implementation of Tribunals Ontario effective January 1, 2019, and aimed to complete the review by the end of 2019.

With respect to reporting on cost per appeal, no further work has been done since our audit in 2017. However, the Ministry recently invited justice-sector partners, including Tribunals Ontario (of which the Review Board is a part), to develop a modernized IT strategy, within which Tribunals Ontario plans to explore again the possibility of reporting cost per appeal (further discussed under the second action of **Recommendation 8**).

With respect to turnaround time in handling appeals, the Review Board publicly reports on its performance against the new target for resolving residential appeals (as discussed in the second action of **Recommendation 1**). For non-residential appeals, the Review Board planned to report on its performance against the target as part of the Tribunals Ontario 2018/19 annual report, subject to Tribunals Ontario's approval.

- *report on its overall outcome of decisions by types of appeals.*

Status: Fully implemented.

Details

In our 2017 audit, we noted that other administrative tribunals, such as the Human Rights Tribunal of Ontario, the Social Benefits Tribunal, and the Social Security Tribunal of Canada, report on the outcomes of their decisions. The Review Board could also consider publicly reporting on an outcome measure, such as the number of decisions it issues, and overall percentage change in assessed value by property type.

During our follow-up, we found that the Review Board reported in its 2017/18 annual report a breakdown of the number of appeals resolved, including the number of appeals dismissed, those resulting in changes to assessed value, and those withdrawn or settled. Beginning in 2018/19, the Review Board will be reporting as part of Tribunals Ontario's annual report, which had not been finalized at the time of our follow-up in June 2019.

Actual Time Spent Reported by Board Members Neither Consistent Nor Analyzed

Recommendation 4

To help monitor and manage board members' time resources effectively, we recommend that the Assessment Review Board review and analyze actual time spent by individual board members on each appeal by key activities, such as hearing events, decision writing and mediations.

Status: Will not be implemented. The position of the Office of the Auditor General is that the Assessment Review Board should continue to explore options to monitor and manage board members' time resources effectively by reviewing and analyzing actual time spent by individual board members.

Details

In our 2017 audit, we found that the Review Board did not have a formal policy requiring its full-time

members to record how many work hours they spent on each appeal. Board members did complete timesheets, but only inconsistently. As a result, the Board's Associate Chair could not confirm how members spent their work hours. In addition, the prepared timesheets did not require any oversight by the Associate Chair, and no analysis was done to assess the effective use of members' time.

At the time of our follow-up, the Review Board still did not consistently track or analyze how members spent their work hours; nor did it have a case-management system that would support the tracking and analysis of members' work hours. The Review Board indicated it will not be implementing the recommendation due to the lack of financial resources to manually track and analyze members' activities in the absence of a case-management system specifically for this purpose.

Review Board Does Not Conduct Quality Reviews of Members' Oral Decisions and Performance

Recommendation 5

To increase the transparency of the decision-making process and to help ensure that member decisions are supportable, impartial and are made in accordance with applicable legislation and regulations, we recommend that the Assessment Review Board conduct a cost/benefit analysis of providing audio-recording services to enable it to perform quality reviews on a random sample of oral decisions and to make audio-recording services available to the parties who are involved in an appeal.

Status: Will not be implemented. The position of the Office of the Auditor General is that the Assessment Review Board should, in conjunction with Tribunals Ontario, continue to explore options to increase the transparency of the decision-making process through the use of audio-recording services.

Details

In our 2017 audit, we reported that of all board member decisions from 2012 to 2016, approxi-

mately 80% were oral and about 20% were written. Unlike written decisions, oral decisions are not subject to peer quality-assurance reviews. As well, we found that the decision-making process by board members could be more transparent if the Review Board made audio recordings of the hearings.

In April 2018, the then Environment and Land Tribunals Ontario proposed a preliminary approach to improving transparency of the decision-making process at the Review Board and the Ontario Municipal Board, which became the Local Planning Appeal Tribunal. The proposal suggested performing a cost/benefit analysis of using audio recordings between July and December 2018. However, the then Environment and Land Tribunals Ontario ultimately did not follow through with the proposal because of its reorganization into Tribunals Ontario on January 1, 2019. At the time of our follow-up, Tribunals Ontario did not have a centralized plan to implement audio recording for its boards and tribunals. As well, the Review Board indicated that it had no plans to further implement this recommendation.

Insufficient Documentation to Justify the Hiring of Board Members

Recommendation 6

To ensure the appointment process of board members under the Adjudicative Tribunals Accountability, Governance and Appointment Act, 2009 is adhered to, we recommend that the Assessment Review Board, together with Environment and Land Tribunals Ontario, thoroughly document its justification of recommended and selected candidates.

Status: Little or no progress.

Details

The *Adjudicative Tribunals Accountability, Governance and Appointments Act, 2009* requires that the selection process for the appointment of members to an adjudicative tribunal be competitive and merit-based. Based on a sample of appointment

files we reviewed during our 2017 audit, it was not always clear how the candidates for a particular appointment were evaluated, or whether the candidates who performed best won appointments.

Since the issuance of our audit report in December 2017, the Review Board completed the hiring of one part-time board member as of June 2019.

Our review of this hiring process found that the Review Board did not always thoroughly document its justification of the selected candidates. Specifically, for the 17 candidates applying for the part-time position in late 2017, the documentation provided by the Review Board did not clearly demonstrate how the three candidates were selected for interviews. We were informed that the then Environment and Land Tribunals Ontario Executive Chair and the Review Board's Associate Chair first separately screened the candidates' applications against the pre-established criteria such as subject matter expertise, adjudication experience, and the level of mediation training. The Executive Chair and Associate Chair then deliberated their choices of candidates and agreed on the final selection of candidates to interview; however, such discussion was not documented.

We noted that after the screening process, the interview scores were properly documented and that the top-scoring candidate from the three interviewed was recommended to the Attorney General for appointment.

Ontario Municipal Board (now Local Planning Appeal Tribunal)

Municipal Board Operations Need Improvement Before Transforming to New Tribunal

Recommendation 7

To help strengthen its operations and increase the transparency of the decision-making process, we recommend that the Ontario Municipal Board:

- *establish a formal policy to guide the assignment of board members to conduct formal hearings based on factors such as members' background, their experience and workload;*
Status: In the process of being implemented by March 2020.

Details

Our 2017 review of the operations of the then Ontario Municipal Board (Municipal Board) identified areas that needed improvement before the organization could become the Local Planning Appeal Tribunal (Appeal Tribunal). In particular, the then Municipal Board informed us that cases were assigned to board members based on such factors as members' background, experience and workloads. However, it had no formal assignment policy in place and, in the majority of cases, only one member was assigned per case. There is a risk that one-member decisions can be subjective; multiple-member panels minimize this risk.

At the time of this follow-up, the Appeal Tribunal had yet to develop formal documentation of an assignment protocol, primarily because of a shortage of member resources and the need to focus on implementation of the new *Local Planning Appeal Tribunal Act (Act)*. The Appeal Tribunal expected to develop a formal protocol by March 31, 2020, taking into consideration any direction about member assignment from Tribunals Ontario.

- *conduct cost/benefit analysis of providing audio-recording services to the parties who are involved in an appeal;*
Status: Will not be implemented. The position of the Office of the Auditor General is that the Local Planning Appeal Tribunal should, in conjunction with Tribunals Ontario, continue to explore options to increase the transparency of the decision-making process through the use of audio-recording services.

Details

During our 2017 audit, we noted that, as was also the case with the Review Board, the then Municipal

Board did not provide audio-recording services at hearings for any subsequent internal and/or external review.

Just as the Review Board responded to **Recommendation 5**, the Appeal Tribunal said that it will not perform a cost/benefit analysis of providing audio-recording services, primarily because of its reorganization into Tribunals Ontario, effective January 1, 2019. See discussion under **Recommendation 5** for further details.

- *conduct formal participant satisfaction surveys in a timely manner to assess areas, such as: whether the hearing process was easy to understand; whether the appeal process was fair, unbiased and impartial; whether the written decisions were issued in a timely manner; and participants' overall satisfaction;*
Status: In the process of being implemented by end of 2019.

Details

In our 2017 audit, we reported that the then Municipal Board did not conduct formal client satisfaction surveys of participants at hearings. We noted that, for example, the Municipal Government Board in Alberta conducts formal client satisfaction surveys of hearing participants annually. It asks participants to rate areas such as whether the hearing process was easy to understand, whether the appeal process was fair, unbiased and impartial, and their overall satisfaction.

As discussed under the second action of **Recommendation 3**, based on the piloted survey done by the then Environment and Land Tribunals Ontario in 2017, the Appeal Tribunal was reviewing its strategy for measuring user satisfaction in light of the implementation of Tribunals Ontario, effective January 1, 2019, and aimed to complete the review by the end of 2019.

- *provide additional training to assist board members in making decisions that are within their authority and to avoid apprehension or perception of bias in all cases.*
Status: Fully implemented.

Details

In our 2017 audit, we noted that decisions of the then Municipal Board had over several years been criticized by the public as lacking objectivity and a clear rationale, especially in decisions that appeared to align with developers in overturning sections of municipal Official Plans and other zoning bylaws that took municipalities years to develop. Citizen groups also complained that they lacked a level playing field at the then Municipal Board in dealing with complex proposals from developers. Our audit found that the new legislation (Bill 139 and regulations) would help address some concerns of complainants. However, improvements were required in hiring (discussed in **Recommendation 13**) and training of board members.

Since our audit, the then Environment and Land Tribunals Ontario conducted two professional development sessions in 2018 for all board and tribunal members. At least 80% of members of the Appeal Tribunal (and the then Municipal Board) attended.

In addition, the Appeal Tribunal held seven training sessions in 2018/19 and, on average, about 94% of members attended these sessions.

Examples of topics covered in these sessions include procedural fairness, active adjudication, bias, and adjudicative questioning.

Scheduling Target for Minor Variance Appeals Not Met

Recommendation 8

To have more timely resolution of minor variance appeals, we recommend that the Ontario Municipal Board:

- *reduce the delay in hearings of these appeals; and*
Status: Fully implemented.

Details

The then Municipal Board set a target to schedule 85% of minor variance cases for a first hearing within 120 days of receiving a complete appeals

application package. Our 2017 audit reported that the then Municipal Board struggled to meet this performance measure. In the fiscal year ended March 31, 2017, only 186 of 421 minor variance cases scheduled (44%), met the established timeline. This was a decrease from 81%, or 281 of 346 cases, in 2012/13.

Since our audit, the new Act, effective April 3, 2018, introduced new timelines that the Appeal Tribunal was required to follow by resolving minor variance appeals within six months from the date it received complete information. The six-month timeline is extended for days that the appeal is put on hold, while the parties agree to mediate the matter, or if the Appeal Tribunal determines the extension to be necessary for a fair and just outcome.

Between April 2018 and May 2019, the Appeal Tribunal received 256 minor variance appeals. Our follow-up found that the Appeal Tribunal was able to meet the legislated timeline for about 94% of them, as follows:

- Of the 256 minor variance appeals received, 115 of them were closed as of May 2019. Seven (or about 6%) of them were closed beyond the legislated timeline.
- Of the remaining 141 minor variance appeals, three (or about 2%) exceeded the legislated timeline as of May 2019.

For minor variance appeals received prior to April 3, 2018, the number of outstanding appeals was reduced from 372 as of April 2018 to only 79 in May 2019. These older appeals were not required to follow the new legislated timeline. Nevertheless, at the time of our follow-up, the Appeal Tribunal was developing strategies to address the timely resolution of older appeals, including the minor variance appeals. These strategies included asking parties to provide updates on inactive cases, closing cases where parties do not provide such updates, and scheduling two matters on the same day where each matter requires no more than three hours of hearing time. The Appeal Tribunal expected to implement the new strategies by the end of 2019.

- *track, monitor and analyze the reason for the long turnaround time in resolving minor variance appeals.*

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

Details

At the time of our 2017 audit, an internal report prepared by the then Municipal Board showed the turnaround time—from case received to decision issued or case closed—for minor variance cases, but this information was not publicly reported or used to assess performance. In 2016/17, according to the internal report, the average turnaround time for minor variances was 227 days, or 47 days more the 180-day benchmark based on the two performance targets set by the then Municipal Board.

In its response to our recommendation, the then Environment and Land Tribunals Ontario stated that it would be seeking approval and funding from the Ministry to develop and implement new technology to assist with the timely resolution of appeals and to provide better data allowing for improved tracking and analysis.

During our follow-up, the Appeal Tribunal's case-management and tracking system still had not been improved to provide better data for tracking and analysis of case information. For example, all appeals related to the *Planning Act* received after April 3, 2018, are manually tracked in an Excel spreadsheet, which is prone to human error. The spreadsheet cannot effectively track and monitor the turnaround time, or the factors contributing to delays or long turnarounds during an appeal process.

During both our 2017 audit and this follow-up, the Appeal Tribunal continued to identify the shortage of members as one of the reasons for the long turnarounds in resolving minor variance appeals. In May 2019, the Ontario government released the Housing Supply Action Plan, and announced \$1.4 million to hire 11 additional full-time members for the Appeal Tribunal. This will bring the total number of full-time and part-time members to 38.

Nevertheless, even with more members, the Appeal Tribunal still requires a better case-management and tracking system for its operations.

As discussed under the second action of **Recommendation 3**, the Ministry recently invited justice-sector partners, including Tribunals Ontario (of which the Appeal Tribunal is a part), to develop a modernized IT strategy that will integrate case management, data analytics, and online engagement with external users. Tribunals Ontario planned again to seek funding from the Ministry for implementation of new technology, and expected confirmation on funding in spring 2021.

Municipal Board Not Tracking Why Some Complex Appeals Scheduled Late, Took Years to Resolve

Recommendation 9

To better ensure timely resolution of complex appeals, we recommend that the Ontario Municipal Board:

- track, monitor, and analyze the reason for any undue delays in resolving complex appeals and distinguish the duration of case resolutions that is within or without its control;

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

Details

Our 2017 audit reported that the then Municipal Board could not generate a list of the 242 cases in 2016/17 (of 928 cases received) that were not scheduled for a hearing within the 180-day target. This would have enabled us to investigate the reasons for delays. At the time, the Board explained that its information system did not have the capability to produce such a report without the use of excessive staff resources.

Our audit also noted that the then Municipal Board could not provide details to confirm the reasons for delays. For example, it could not distinguish the length of time the appellants might take, up to several years, to fulfil conditions imposed by

board members. Although the time that appellants took could have contributed to the delays, this was not within the control of the then Municipal Board.

As discussed under the second action of **Recommendation 8**, the Appeal Tribunal was planning to seek funding from the Ministry to improve its case-management and tracking system to allow for better data tracking and analysis, and expected to receive funding confirmation in spring 2021.

At the time of our follow-up, the Appeal Tribunal was still unable to distinguish between reasons for delays that were within its control, and those that were not. The Appeal Tribunal tracks the status of complex appeals but, in many cases, the Appeal Tribunal does not have the capability to track or analyze why cases are not progressing further.

For example:

- The Appeals Tribunal did not track how long it took parties to complete any actions required prior to a final order being issued.
- In cases awaiting a hearing, the Appeals Tribunal did not track instances where parties requested a hearing date further out than what the tribunal could offer; and
- The Appeal Tribunal did track individual cases for the amount of time and the reasons each had been put on hold, but could not generate a report that allows it to compile and analyze the data.

- *anticipate future demand to determine future resource requirements;*

Status: Fully implemented.

Details

Our 2017 audit noted that Bill 139 and related regulations, if passed, would limit the scope of certain appeals then heard by the then Municipal Board under the *Planning Act*. However, until the legislation went into effect, the then Municipal Board could not know the impact of the new law on the number of appeals filed before it. Anticipating future demand is important in planning for sufficient resources to handle the workload, which is affected by the number and complexity of cases.

Bill 139 was passed in December 2017 and proclaimed on April 3, 2018, repealing and replacing the *Ontario Municipal Board Act* with the *Local Planning Appeal Act*. In July 2018, the Appeal Tribunal prepared an analysis showing that it needed 14 new full-time members in addition to the mix of 24 full- and part-time member positions it had at the time to address the older appeals and the workload arising from the new legislation.

As mentioned under the second action of **Recommendation 8**, in May 2019, the Ontario government released the Housing Supply Action Plan, and announced \$1.4 million to hire 11 new full-time members for the Appeal Tribunal, in addition to the 27 it had at the time.

- *streamline the process to reduce the number of outstanding complex appeals.*

Status: In the process of being implemented. **The Local Planning Appeal Tribunal could not provide an implementation timeline to us at the time of our follow-up.**

Details

Our 2017 audit found that, in 2016/17, the then Municipal Board scheduled only 74%, or 686 of 928 complex cases (cases other than minor variances), within 180 days. This was below the 85% target set by the then Municipal Board. In addition, we noted that the number of days from case received to case closed—that is, when both the decisions and orders have been issued—ranged, on average, between 10 months and almost seven years for cases that were closed in 2015/16.

Since our audit, the new Act, effective April 3, 2018, introduced new timelines that the Appeal Tribunal was required to follow in resolving complex appeals, such as appeals of a municipality's Official Plan and zoning bylaws passed by municipalities. The new Act sets different legislated timelines—six months, 10 months and 12 months—for appeals in relation to different sections of the *Planning Act*. The timelines are measured from the date when the Appeal Tribunal receives the complete information to proceed, or

when it deems the appeal has met certain statutory requirements, to the date the appeal is resolved. In all cases, the timelines are extended for days that the appeal is put on hold, where parties agree to mediate the matter, or when the Appeal Tribunal determines it to be necessary for a fair and just outcome.

Between April 2018 and May 2019, the Appeal Tribunal received 248 complex appeals that fell under the six-month timeline. Our follow-up found that the Appeal Tribunal was able to meet the legislated timeline for about 95% of them, as follows:

- Of the 248 appeals received, 103 were closed as of May 2019. Only five (or about 5%) of them were closed beyond the legislated timeline.
- Of the remaining 145 appeals outstanding as of May 2019, four (or about 3%) exceeded the legislated timeline.

Between April 2018 and May 2019, the Appeal Tribunal received 396 complex appeals that fell under the 10- or 12-month timeline. Our follow-up found that the Appeal Tribunal was able to meet the legislated timeline in about 99% of cases, as follows:

- Of the 396 appeals received, 82 were closed within the legislated timeline.
- Of the 314 appeals outstanding as of May 2019, only two (less than 1%) exceeded the legislated timeline.

The new legislation also mandated that a case-management conference be held for appeals that fall under the 10- and 12-month timeline to streamline the appeal process by addressing procedural matters prior to hearings. Further, the Appeal Tribunal requires that, effective April 3, 2018, appeal records and supporting materials be pre-filed within 20 days after an appeal is received and deemed valid by the Tribunal. This requirement for early filing supports the goal of timely resolution and discourages appeals that lack merit.

However, we noted that there were 5,414 complex appeals received prior to April 3, 2018, that were still outstanding as of May 2019. Although

complex appeals that were received prior to the effective date of the Act (April 3, 2018) do not have to follow the new legislated timeline, the Appeal Tribunal still needs to resolve the 5,414 older appeals, which is a significant number. The Appeal Tribunal was developing strategies to address the timeliness of these legacy appeals, including complex cases. Actions it planned to take included requesting parties to submit a detailed hearing work plan when they are requesting a hearing of three or more days, scheduling two pre-hearing conferences on the same day where each requires no more than three hours of hearing time, and offering priority settlement hearing times to promote the early resolution of disputes. The Appeal Tribunal could not provide an expected timeline to clear the outstanding older appeals, but it was in the process of hiring additional board members to help clear the backlogs.

Despite 80% of Decisions Issued Within 60 Days, Others Took Almost a Year

Recommendation 10

To better ensure written decisions are issued to relevant parties in a timely manner, we recommend that the Ontario Municipal Board investigate cases when members consistently took longer than the target times to issue a decision and take necessary actions to reduce delays.

Status: Little to no progress.

Details

We found in our 2017 audit that of the 1,087 decisions issued in 2016/17 by the then Municipal Board, about 20% (218) took more than 60 days. Based on the annual summary prepared by the then Municipal Board for each of the fiscal years between 2012/13 and 2016/17, we noted that six of the 27 board members accounted for about 40% of the decisions that took longer than 60 days to be issued.

At the time of our 2017 audit, the then Municipal Board indicated that the main reason for

the delays was that some members did not have sufficient dedicated writing time after hearings. However, we also noted that three of these six members were granted significant dedicated writing time—95 days, 91 days and 76 days, respectively, from 2012/13 to 2016/17. By comparison, the majority of the other 21 members were granted an average dedicated writing time of 50 or fewer days over the same period. It therefore appeared that the lack of dedicated writing time was not the major reason for the three board members who were not able to issue decisions within the established target.

Since our last audit, the Appeal Tribunal's performance against the target of issuing decisions within 60 days continued to worsen. In 2018/19, the proportion of decisions that took longer than 60 days was about 30%, compared to 20% in 2016/17.

Although a higher percentage of decisions was taking longer to issue, the Appeal Tribunal had made little progress in investigating cases when members consistently took longer than the target times to issue a decision, and in taking actions to reduce delays.

The Appeal Tribunal explained that its Associate Chair regularly reviews statistic reports and works with Tribunal members to determine the reasons for delays. However, such discussions were not documented. The Tribunal also said the primary challenge in issuing decisions within the target was insufficient writing time and a shortage of members.

However, our follow-up work found that insufficient writing time did not appear to be the main cause for delays for some members. In 2018/19, five of 24 tribunal members accounted for almost 40% of the decisions that took longer than 60 days to be issued. Three of these individuals had more designated decision-writing days than the other tribunal members—58 days, 52 days, and 26 days—compared to an average of about 12 days for other members who were granted designated decision-writing days.

In addition, the then Environment and Land Tribunals Ontario and the then Municipal Board responded to our 2017 audit report and indicated

that they would include analysis of the members' decision-writing times as part of the enhanced performance reviews. However, the enhanced performance reviews were not completed prior to the establishment of Tribunals Ontario. At the time of our follow-up, Tribunals Ontario was developing a member-performance management plan for all its boards, including the Appeal Tribunal.

Target Setting and Evaluation of Mediation Efforts Needed

Recommendation 11

To minimize the number of formal hearings required to settle appeals, we recommend that the Ontario Municipal Board:

- *set a target percentage of the number of mediations to be held for complex cases each year;*
Status: No longer applicable. Bill 108 now gives the Appeal Tribunal legislative authority to establish rules regarding the use of mandatory mediation, which will replace the need to set a target percentage of the number of mediations as recommended from our last audit.

Details

In its 2015/16 annual report, the then Municipal Board said it was continuing to develop its capacity for mediation, where alternative dispute resolution can be effective. At the time of our audit in 2017, however, it had not yet set a target, and did not measure the success or outcomes of this program.

Bill 108, passed on June 6, 2019, introduced further changes to the Act that gave the Appeal Tribunal legislative authority to establish rules to require parties, under specified circumstances, to participate in mandatory mediation or other alternative dispute resolution processes. The new rules, when finalized and implemented, will replace the need to set a target percentage of the number of mediations as recommended from our last audit. At the time of our follow-up, the Appeal Tribunal was reviewing the Bill and developing new rules accordingly.

- *report annually on the number of mediation events held and the percentage of cases settled as a result of mediation.*

Status: In the process of being implemented by the end of 2019.

Details

Our 2017 audit noted that the Human Rights Tribunal of Ontario reports annually on the number of mediations held and the percentage of cases settled at mediation. However, the then Municipal Board did not use these measures to assess the performance of its own mediation program.

During our follow-up, the Appeal Tribunal informed us that it was preparing change requests for submission to Justice Technology Services to develop reports that will permit the Appeal Tribunal to more easily report on the number of mediations held and percentage of cases settled as a result of mediation each year. We noted that the Appeal Tribunal began to develop the requirements document in September 2017 and has committed to finalize the document and submit it to Justice Technology Services by the end of 2019.

Actual Time Spent Reported by Board Members Not Complete or Analyzed

Recommendation 12

To help ensure members' time resources are better utilized, we recommend that the Ontario Municipal Board review and analyze actual time spent by individual board members on each appeal by key activities, such as hearing events, decision writing and mediations.

Status: Will not be implemented. The position of the Office of the Auditor General is that the Local Planning Appeal Tribunal Board should continue to explore options to monitor and manage tribunal members' time resources effectively by reviewing and analyzing actual time spent by individual members.

Details

In our 2017 audit, we reported that the then Municipal Board's Associate Chair did not know how the Board's 20 full-time members spent their work hours, or whether they managed their caseloads cost-effectively and efficiently. Also, the then Municipal Board had not done any analysis to determine whether the number of board members was sufficient to eliminate existing backlogs and handle future demand.

At the time of our follow-up, the Appeal Tribunal still did not consistently track or analyze how members spent their work hours. The Appeal Tribunal indicated that it did not have a case-management system that would support tracking and analysis of members' work hours. As with the Review Board, the Appeal Tribunal indicated it had no plans to further implement this recommendation. See **Recommendation 4** for details.

Insufficient Documentation to Justify Hiring of Board Members

Recommendation 13

To ensure the appointment process of board members adheres to the Adjudicative Tribunals Accountability, Governance and Appointment Act, 2009, we recommend that the Ontario Municipal Board, together with Environment and Land Tribunals Ontario, thoroughly document its justification of recommended and selected candidates.

Status: Little or no progress.

Details

We found in our 2017 audit that, based on a sample of files we reviewed on the selection of the then Municipal Board members, it was not always clear how candidates for an appointment were evaluated and selected.

Since our last audit, the Appeal Tribunal completed one competition for two full-time member positions as of June 2019. Like what we found for the Review Board's hiring process under **Recommendation 6**, our review of the then Municipal Board's hiring process also found that the Board did not always thoroughly document its justification of the selected candidates.

In particular, for the 45 candidates applying for the full-time member positions in January 2018, the documentation provided by the then Municipal Board did not clearly demonstrate how the eight candidates were selected for interviews. We were informed that the then Environment and Land Tribunals Ontario Executive Chair and the then Municipal Board's Associate Chair first separately screened the candidates' applications against the pre-established criteria, such as subject matter expertise, adjudication experience and the level of mediation training. The Executive Chair and Associate Chair then deliberated on their choices of candidates and agreed on the final selection of candidates to interview; however, such discussion was not documented.

We noted that after the screening process, the interview scores were properly documented and that the top-three scoring candidates from the eight interviewed were recommended to the Attorney General for appointment.

Chapter 1

Ministry of Health

Section 1.02

Cancer Treatment Services

Follow-Up on VFM Section 3.02, 2017 Annual Report

RECOMMENDATION STATUS OVERVIEW						
	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	3	3				
Recommendation 2	3	1	1	1		
Recommendation 3	2	2				
Recommendation 4	2	1	1			
Recommendation 5	2			2		
Recommendation 6	1		1			
Recommendation 7	2	1	1			
Recommendation 8	1	1				
Recommendation 9	1	1				
Recommendation 10	2	1	1			
Recommendation 11	2		2			
Recommendation 12	2		1	1		
Recommendation 13	1		1			
Recommendation 14	2		1	1		
Recommendation 15	1		1			
Recommendation 16	1	1				
Recommendation 17	2	1	1			
Recommendation 18	3	3				
Total	33	16	12	5	0	0
%	100	49	36	15	0	0

Overall Conclusion

As of October 31, 2019, the Ministry of Health (Ministry) and Cancer Care Ontario (CCO) had fully implemented 49% of actions we recommended in our *2017 Annual Report*, such as developing a strategy to increase the accessibility of radiation services to patients, implementing a program to increase physician awareness of the availability and benefit of radiation treatment, evaluating the operational efficiency of financial-support programs for cancer drugs, improving the process for sharing information on drug shortages and inventory, assessing the need for additional capital projects to expand capacity for stem cell transplants in Ontario, assessing symptom-management programs in other jurisdictions, establishing provincial standards for the delivery of psychosocial services, and funding hospitals using a consistent methodology that is not historically based.

The Ministry and CCO had made progress implementing an additional 36% of the recommendations, such as analyzing the reasons for delays in scheduling surgical consultations and performing urgent cancer surgeries, establishing education programs for cancer patients on safe usage and handling of take-home cancer drugs, establishing a protocol for communication, drug-sharing and prioritizing patients in the event of a cancer-drug shortage, developing and implementing a long-term strategy to finance and expand psychosocial oncology services, analyzing the reasons for delays in scheduling CT scans and MRIs and taking corrective actions to reduce wait times, as well as evaluating and revising existing funding methods for radiation treatment.

However, the Ministry and CCO had made little progress on 15% of the recommendations, such as assessing the benefits of having a centralized referral and booking process for cancer surgeries, evaluating the need to set standards and oversee delivery of cancer drug therapy at private specialty

clinics, implementing centralized referral and booking processes for cancer-related CT scans and MRIs, and developing strategies to reduce the wait times for biopsies performed in hospital operating rooms.

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

Background

Cancer, a group of more than 200 different diseases characterized by the uncontrolled spread of abnormal cells in the body, is the leading cause of death in Ontario. In 2018, an estimated 30,600 Ontarians died of cancer (29,000 in 2016).

In 2017/18, Ontario spent about \$1.9 billion (approximately \$1.6 billion in 2015/16) to treat cancer, most of it for hospital procedures and treatment drugs.

The Ministry of Health (Ministry) has overall responsibility for cancer (or oncological) care in the province. Cancer Care Ontario (CCO) is the provincial agency responsible under the Ministry for funding hospitals, collecting cancer data, developing clinical standards and planning cancer services to meet patient needs.

In 2017, about 100 Ontario hospitals delivered cancer-treatment services across the province's 14 Local Health Integration Networks (LHINs), and 14 of these hospitals were designated as regional cancer centres that deliver the most complex cancer treatments. We found that CCO, in conjunction with the Ministry and hospitals, had effective procedures and systems in place to ensure that most, but not all cancer patients received treatment in a timely, equitable and cost-efficient manner.

We noted that Ontarians' needs were not being met in the areas of stem cell transplants, access to take-home cancer drugs, radiation treatment, PET scans, symptom management and psychosocial oncology services. Wait times for some urgent cancer surgeries and diagnostic services also needed improvement.

Among our findings:

- Urgent surgeries for 15 out of 17 types of cancer did not meet the Ministry's 14-day wait-time target, and we noted significant wait-time variations by region.
- The CCO had determined that 48% of cancer patients province-wide would benefit from radiation treatment, but only 39% actually received it in 2015/16.
- Ontario did not cover the full cost of take-home cancer drugs for all patients. In comparison, British Columbia, Alberta, Saskatchewan and Manitoba covered the costs of all government-approved cancer drugs for all patients.
- In 2015/16, actual wait times for stem cell transplants using the patient's own previously stored cells were about 1.5 times longer than CCO's target wait time. Actual wait times for transplants using stem cells donated by someone else were almost seven times longer than the CCO target.
- Limited capacity for stem cell transplants was first identified as an issue in Ontario in 2009. The Province sometimes sent patients to the United States for the procedure, at an average cost of \$660,000 (Cdn), almost five times the \$128,000 average cost in Ontario.
- Ontario performed fewer positron emission tomography (PET) scans, which use injected radioactive tracers to create images of cancers, per 1,000 people than elsewhere in Canada and other countries. Ontario had not updated eligibility criteria or OHIP coverage rules for PET scans since 2013, and had been slow to adopt new radioactive tracers.
- Just under half of biopsies performed in hospital operating rooms were done within the Ministry's target wait time of 14 days.
- Review of diagnostic-imaging results by a second radiologist had remained inadequate even though misinterpretation of some results in 2013 led to several incorrect diagnoses in Ontario.

- Psychosocial oncology services, which are provided by such specialists as psychiatrists, social workers and registered dietitians, were insufficient, and varied from hospital to hospital. Support services were also insufficient to help ease patient symptoms and side-effects during treatment. As a result, many patients visited hospital emergency rooms at least once during their treatment.

We made 18 recommendations, consisting of 33 actions, to address our audit findings.

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

On April 18, 2019, Bill 74, *The People's Health Care Act, 2019*, received royal assent. It will come into force on a date to be proclaimed by the Lieutenant General. The legislation is designed to integrate multiple provincial agencies, including the LHINs and CCO, into a single agency called Ontario Health. The Ministry indicated that the new agency would be responsible for overseeing highly specialized care and managing provincial population health programs, including services for cancer patients.

Status of Actions Taken on Recommendations

We conducted assurance work between April 1, 2019 and August 1, 2019. We obtained written representation from the Ministry of Health (Ministry) and Cancer Care Ontario (CCO) that effective October 31, 2019, they had provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Radiation Treatment

Recommendation 1

To better ensure that cancer patients receive timely and safe radiation treatment, we recommend that

Cancer Care Ontario work with the Ministry of Health and Long-Term Care and hospitals to:

- develop a strategy to increase the accessibility of radiation services to patients who do not live close to a radiation centre;

Status: Fully implemented.

Details

We found in our 2017 audit that radiation treatment was underutilized in all regions of Ontario. CCO indicated that distance from radiation centres and physician referral behaviours were the main reasons for the low utilization rates.

In our follow-up, we found that CCO had updated its 10-year Radiation Treatment Capital Investment Strategy, and released a report to the Ministry and hospitals in November 2018. This strategy will guide and recommend the placement of additional radiation treatment equipment and the development of new or expanded facilities and emerging technologies to keep pace with the growing need for radiation treatment until 2028. CCO engaged various stakeholders in developing key planning principles of this strategy. These principles include extending facilities' operating days for radiation treatment (12 hours per day on all equipment in large facilities, and 11 hours per day in facilities with fewer than six treatment machines), and maximizing the use of treatment capacity in radiation treatment facilities (including cross-LHIN movement of patients to ensure that patients receive high quality care close to home).

CCO will also work with the Ministry's Health Capital Investment Branch and hospitals to secure funding approvals in a timely manner to expand radiation treatment capacity where and when it is needed.

In addition, CCO had analyzed travel times for patients who received radiation treatment in 2016/17. Overall, the median travel time for all patients in Ontario who received radiation treatment was 25 minutes from their residence to the radiation treatment facility.

- implement a program to increase physician awareness of the availability and benefit of radiation treatment;

Status: Fully implemented.

Details

Our 2017 audit found that CCO had set a province-wide target to administer radiation therapy to 48% of cancer patients at some point during their treatment. None of the LHINs met this target in 2015/16. CCO estimated that about 1,500 more patients could have benefitted from radiation therapy had its target been met in 2015/16.

In our follow-up, we found that CCO had worked with the regional cancer centres to increase physician awareness of the availability and benefit of radiation treatment through the following actions:

- CCO created an annual Radiation Utilization report that outlines the use of radiation treatment for patients in Ontario, variations in the use of radiation treatment among LHINs and within each LHIN, and differences between actual rates of patients treated and appropriate rates. CCO completed and shared the latest Radiation Utilization report with all regions in February 2019. This information was expected to help the regions better ensure that radiation treatment could be made available to every cancer patient who could benefit from it. The latest report showed that the provincial utilization rate of 34.1% fell short of CCO's benchmark and target rate of 35.5%, representing approximately 860 patients who could have benefited from radiotherapy but did not receive it. CCO recommended that the root causes of underutilization and variable utilization should be explored on a hospital and diagnosis-specific basis. To increase physicians' awareness and potential benefits of radiotherapy, CCO suggested increasing outreach activities and locating radiation oncology presence in diagnosing institutions.

- The Regional Radiation Clinical Lead (RRCL) in each LHIN completed a year-end work plan for 2018/19. The RRCLs were responsible for improving radiation treatment through various initiatives. Initiatives to increase radiation utilization included collaborating with regional leads to leverage education sessions and outreach events, and monitoring and evaluating radiation utilization.
- *monitor reviews of radiation treatment plans to determine whether the reviews are done in accordance with clinical guidelines.*
Status: Fully implemented.

Details

In our 2017 audit, we found that the review of radiation treatment plans by a second radiation oncologist in the early stages of radiation therapy is a quality-assurance process to ensure patient safety and treatment effectiveness, and to detect any errors before administering significant additional doses of radiation. However, hospitals did not consistently perform reviews of radiation treatment plans according to clinical guidelines. For example, 13% of curative treatment plans (intended to cure a cancer) were never reviewed, and another 11% were not reviewed within recommended time frames.

In our follow-up, we found that CCO had monitored reviews of radiation treatment plans, issuing the Peer Review Quality Assurance (PRQA) reports for radical radiation (aiming to cure a cancer) and palliative radiation (seeking to relieve pain and other symptoms) on a monthly basis, regionally and provincially. The February 2019 report showed that the indicators (the percentages of radical and palliative radiation peer reviews) had met the provincial targets. Specifically, the provincial radical peer review rate was 86.9%, above the target of 80%. The provincial palliative peer review rate was 56.9%, above the target of 35%. CCO indicated it would continue to monitor these targets to ensure that performance improvements are sustained.

Cancer Surgery

Recommendation 2

To better ensure patients have timely and equitable access to cancer surgery, we recommend that Cancer Care Ontario work with the Ministry of Health and Long-Term Care and hospitals to:

- *analyze the reasons for delays in scheduling surgical consultations and performing urgent cancer surgeries;*

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

Details

Our 2017 audit found long wait times for surgical consultations and cancer surgeries. Cancer surgeries with the worst wait-time performance were thyroid, head and neck, and prostate. For example, 10% of urgent thyroid patients waited longer than 31 days—three times longer than the target. CCO informed us that many factors can affect a hospital's ability to meet wait-time targets, including the availability of operating rooms, wait times for surgical preparations, such as MRIs and CT scans, and the complexity of patients' conditions.

In our follow-up, we found that as part of its performance review process for the fourth quarter of 2017/18, CCO requested each region to complete a volume variance analysis indicating the reasons for the increased cancer surgery wait times. The reasons for delay included bed capacity issues related to Alternative Level of Care and incidental cancellation of oncology surgeries; leaves of absence of physicians, nurses and other hospital staff; and lack of dedicated surgical oncology hospital beds. We also noted that in the second quarter of 2018/19, CCO identified hospitals that were the lowest performers and asked each of them to complete an Improvement Action Plan. In the initial phase, CCO required each of these hospitals to perform a root-cause analysis of low performance, and submit action plans with performance improvement strategies by March 2020. CCO indicated that it will continue to monitor performance via the Quarterly Performance Reviews.

- *take corrective action to reduce wait times for surgical consultations and cancer surgeries;*
Status: Fully implemented.

Details

In our 2017 audit, we found long wait times for surgical consultations and cancer surgeries. For example, for urgent thyroid patients, 10% of patients waited longer than 31 days—three times longer than the target. Cancer surgeries with the worst wait-time performance were thyroid, head and neck, and prostate. These surgeries did not meet the wait-time targets at either the urgent or non-urgent levels.

In our follow-up, we found that CCO managed wait-time performance as part of the Quarterly Performance Review process. The CCO's Surgical Oncology Program had a number of new and/or ongoing initiatives and performance management strategies to monitor and reduce wait times for surgical consultations and cancer surgeries. For example:

- As part of its performance review process for the fourth quarter of 2017/18, CCO requested that each region complete a volume variance analysis indicating the reasons for the increased cancer surgery wait times. The reasons included bed capacity issues related to Alternative Level of Care (ALC) and incidental cancellation of oncology surgeries; leaves of absence of physicians, nurses and other hospital staff; and lack of dedicated surgical oncology hospital beds. In spring 2019, CCO escalated these concerns to the hospitals by issuing performance management letters to the regional vice presidents who manage regional cancer programs.
- CCO specified wait-time indicators for Priority 1 (emergent) and Priority 2 (urgent) cancer surgeries, and regions are required to report their performance on these indicators and develop future action plans. Additionally, quarterly surgical volumes will be shared in this report for monitoring purposes starting in the first quarter of 2019/20.
- CCO created an escalation process that sets internal targets to monitor performance on a quarterly basis. If poor performance is maintained over two quarters, CCO will request the hospital or region to analyze root causes and develop an improvement plan.
- CCO piloted and released the Annual Cancer Surgery Wait Times Trending Report in January 2019 to compare data at the provincial, regional and hospital levels. CCO also updated the Monthly Cancer Surgery Wait Times Trending Report, to monitor and manage regional wait times for cancer surgeries based on internal targets.
- CCO's Disease Pathway Management Program leads have been working together to understand access and volume trends for cancer surgery. The regional surgical oncology leads planned to meet in the fourth quarter of 2019/20 to review reasons for surgery delays to gain further insights.

When specific issues are identified in the Surgical Oncology Program, CCO will address them individually. For example:

- CCO's Surgical Oncology Program began supporting a pilot project in two hospitals in Toronto to transfer intermediate gynecological oncology cases from the hospital with higher surgical demand to the other hospital to improve wait times.
- CCO escalated the reporting of gynecological oncology surgery wait-time reports to every two weeks. This report is sent directly to each of the gynecological surgical leads at every gynecological center in the province. A re-referral/deferral process has been established for gynecological oncology access across the province. This was launched in February 2019. No patients had been re-referred or deferred at the time of our follow-up.
- *assess the benefits of having a centralized referral and booking process for cancer surgeries.*
Status: Little or no progress.

Details

In our 2017 audit, we found that while some regions implemented a central referral and booking service for some cancer surgeries in an effort to improve wait times and access, this service was not consistently available for all cancer surgeries at all the LHINs.

In our follow-up, we found that the Ministry had not assessed the benefits of having a centralized referral and booking process for cancer surgeries, but it had been monitoring local efforts to test central intake for other areas of high demand services, including diagnostic imaging.

The Ministry was also supporting the expansion of tools and supports, such as eReferral, to improve the appropriateness of diagnostic imaging referrals, and to reduce demand growth for MRI and CT scans. The Ministry planned to continue to work with current local and provincial delivery partners to develop an approach for eReferral, which would include considering MRI and CT for centralized referral and booking. It could also include cancer surgeries in the future. In the Waterloo Wellington region specifically, work was under way to implement eReferral in the cancer services referral pathway for the 2019/20 fiscal year.

Cancer Drug Therapy

Recommendation 3

To better ensure patients have equitable and timely access to the cancer drugs they need, we recommend that the Ministry of Health and Long-Term Care work with Cancer Care Ontario to:

- *evaluate the operational efficiency of financial support programs for cancer drugs;*

Status: Fully implemented.

Details

Our 2017 audit found that cancer patients who did not qualify for the Ontario Drug Benefit Program and needed financial support could apply for the Trillium Drug Program (Trillium). This program

requires proof of annual household income to determine the coverage and deductible. In addition, Ontarians requiring many take-home cancer drugs, or other drugs not available on the Ontario Drug Benefit formulary, must have their physicians or nurse practitioners apply for authorization through the Exceptional Access Program (EAP). The application processes for these programs were manual and lengthy.

In our follow-up, we found that the Ministry had evaluated the operational efficiency of financial support programs for cancer drugs, and had implemented a number of changes to modernize, optimize and streamline the application processes for both Trillium and the EAP.

We also noted that the Ministry has taken the following actions to address these recommendations:

- The Ministry implemented a web-based IT solution called SADIE that will make drug request reviews through the EAP (including all cancer drugs) more efficient for prescribers and the Ministry. As of June 26, 2019, the SADIE is in full production and available to all prescribers to support patients' needs for appropriate and timely access to drugs covered through the EAP. Drug criteria are also accessible in SADIE to prescribers.
- The Ministry streamlined and expedited reviews of requests made through the EAP's Telephone Request Service that provides responses, typically the next business day, to requests for selected drugs, including some cancer drugs. The EAP made Rydapt (a type of cancer drug) available through the Telephone Request Service in October 2018. The Ministry indicated that most cancer drugs would be available through this service by October 2019, following staff training and stakeholder communication.
- The Ministry streamlined EAP approval by collaborating with manufacturers and other stakeholders to develop drug-specific request forms for new products. These new forms

enhance efficiency by collecting all of the information needed to assess a request, avoiding missing information.

- The Ministry enhanced transparency for drugs that could be considered by the EAP. To support prescribers making decisions about patient eligibility, the Ministry posts the provincial funding criteria for frequently requested EAP drugs publicly on its website, as well as updates when new drugs are added to the EAP or criteria are changed. In addition, the Ministry created an online search tool that allows the public to look up drugs to determine their availability through the EAP.
- *simplify and streamline the request and application process for financial support for cancer drugs.*
Status: Fully implemented.

Details

Further to the Ministry's response to the previous action under **Recommendation 3**, we found that the Ministry had made applying for Trillium more efficient and flexible for patients, and used technology to optimize EAP applications, streamlining and enhancing criteria transparency. For example:

- As of May 1, 2018, the application for the Trillium Drug Program has included mandatory consent to verify income information with the Canada Revenue Agency (CRA) for the 2018/19 benefit year. Benefits for patients include:
 - faster application processing by reducing back-and-forth letters due to incomplete income information;
 - no requirement for annual paper proof of income and automatic renewal; and
 - no disruption to drug coverage due to delays in providing paper proof of income.
- The Ministry worked with the CanCertainty Coalition (representing more than 30 Canadian patient groups, cancer health charities, and caregiver organizations, joining together

with oncologists and cancer care professionals to improve the affordability and accessibility of cancer treatment) and Canadian Cancer Society to develop and post information (including answers to frequently asked questions) on the Canadian Cancer Society's website to assist patients with understanding the Trillium Drug Program.

Recommendation 4

To better ensure cancer drugs are used by patients safely at home, we recommend that Cancer Care Ontario work with the Ontario College of Pharmacists, the Ministry of Health and Long-Term Care, and hospitals to:

- *establish education programs for cancer patients on safe usage and handling of take-home cancer drugs and monitoring programs to assist cancer patients on adhering to proper use of oral cancer drug therapy at home;*
Status: In the process of being implemented by May 2020.

Details

We found in our 2017 audit that while patients using take-home cancer drugs should follow special instructions for administration and safe handling of oral cancer drugs, some patients were not adequately educated and monitored in the use of these drugs.

In our follow-up, we found that CCO had established a Pharmacy Oncology Task Force to examine Ontario's pharmacy service model for take-home cancer drugs. The mandate of this Task Force was to deliver recommendations and advice to CCO on potential provincial pharmacy service models for take-home cancer drugs that optimize safe, high-quality, patient-centred care. This included recommendations on patient and provider education on safe medication use, toxicity monitoring and adherence to proper use. To ensure comprehensive input, the Task Force included representation from various stakeholder

groups, including clinicians, patients, pharmacists and the Ontario College of Pharmacists.

In December 2018, CCO met with the Ontario College of Pharmacists to provide an update on the work of the Oncology Pharmacy Task Force. The draft report of the Task Force was completed and provided to the Ministry on March 25, 2019. The Ministry provided comments on the report for consideration by CCO to determine next steps, including patient education and timelines for delivery. The final report was posted on the CCO's website on April 25, 2019.

We also noted that CCO had taken the following actions to address this recommendation:

- CCO, in partnership with the de Souza Institute, developed education modules for oral chemotherapy. CCO has been working with an external partner hospital to determine if it can develop an online version of the education modules, to be available on the CCO website. It was expected to be launched by the first quarter of 2020/21. If the modules are not ready for the website by the anticipated date, CCO will implement a mitigation strategy and ensure that electronic versions of the education modules are available for download to patients and families.
- As part of CCO's 2018/19 Systemic Treatment Program's quality initiative work, the Regional Cancer Programs (RCPs) were asked to improve monitoring and adherence for oral chemotherapy. RCPs would develop local initiatives to enable or enhance regular toxicity monitoring, as well as assessment of patient adherence to treatment. RCPs that identify patient education as a gap could develop specific education programs on take-home cancer drugs. This is a multi-year project; in 2018/19, funding was allotted for a current-state survey, as well as gathering baseline data and developing a project charter. All RCPs submitted their project charters by May 1, 2019, and they were approved. RCPs have started the implementation phase

of the projects planned for the 2019/20 fiscal year. Final evaluation of the projects is due by May 1, 2020.

- *evaluate whether to require that pharmacists who dispense cancer drugs receive specialized cancer-drug-therapy training and are familiar with cancer therapy regimens, including oral cancer drug regimens.*

Status: Fully implemented.

Details

Our 2017 audit found that take-home cancer drugs could be dispensed by any pharmacy in Ontario. In comparison, Alberta required that take-home cancer drugs be dispensed only at designated pharmacies by pharmacists who are specially trained in cancer drug therapies and dosages.

As mentioned above, CCO had established a Pharmacy Oncology Task Force to examine Ontario's pharmacy service model for take-home cancer drugs. The Task Force made recommendations on provider (including pharmacist) training and competencies. The draft report by the Task Force was completed and provided to the Ministry on March 25, 2019. The Ministry provided comments on the report for consideration by CCO to determine next steps, including patient education and timelines for delivery. The final report was posted on the CCO's website on April 25, 2019. CCO has initiated discussion with the Ontario College of Pharmacists about any training and education programs required for pharmacists.

CCO was also developing the Regional Systemic Therapy Program Standards for Training and Education for Providers. These evidence-informed standards have been finalized and published, and can be accessed through the CCO's website.

Recommendation 5

To help ensure cancer patients receive safe cancer drug therapy, we recommend that the Ministry of Health and Long-Term Care:

- *work with Cancer Care Ontario to evaluate the need to set standards and oversee delivery of cancer drug therapy at private specialty clinics;*
Status: Little or no progress.

Details

We found in our 2017 audit that many private clinics were not regulated or licensed by the Ministry or CCO, and not subject to the same level of oversight and standards as hospitals for cancer drug therapy. They were not required, for example, to have an on-site emergency department, nor did they have to employ oncologists or nurses specialized in oncology to provide cancer services.

In our follow-up, we found that the Ministry had not worked with CCO to evaluate the need to set standards and oversee delivery of cancer drug therapy at private specialty clinics. The Ministry indicated that it would meet with CCO to discuss this recommendation, as standards would presumably be required in order to inspect private specialty clinics that perform cancer drug therapy.

- *work with the College of Physicians and Surgeons of Ontario to evaluate the feasibility to include cancer drug therapy treatments in its inspections on private specialty clinics.*
Status: Little or no progress.

Details

Our 2017 audit found that Ontario's College of Physicians and Surgeons (College) did not have the authority to inspect or assess the delivery of cancer drug therapy at private specialty clinics.

In our follow-up, we found that the Ministry had not worked with the College to evaluate the feasibility of including cancer drug therapy treatments in its inspections of private specialty clinics. The Ministry indicated that the *Oversight of Health Facilities and Devices Act, 2017*, legislation regarding oversight of community health facilities, has not moved forward. The proposed Act was designed to consolidate oversight of independent health facilities and out-of-hospital premises. It is also expected

to enable the expansion of oversight to non-regulated facilities and services, including private specialty clinics. The Ministry planned to continue working with the College to explore the feasibility of including cancer drug therapy treatments in the College's inspections on private specialty clinics.

Recommendation 6

To better ensure cancer patients receive safe and accurate doses of cancer drugs, we recommend that the Ministry of Health and Long-Term Care (Ministry) work with the Ontario College of Pharmacists and hospitals to implement the remaining recommendations from the Ministry's review of the provincial cancer-drug-supply system, especially to address inadequacies in communication and implementation of drug specifications and preparations.

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

Details

We found in our 2017 audit that, after 1,000 patients at four hospitals received lower-than-intended doses of two cancer drugs in March 2013, the Ministry conducted a review of the province's cancer-drug supply system. The Ministry made 12 recommendations to address the root cause of the incident. While most of the recommendations had been addressed, we noted that one, to ensure traceability of computer-based clinic and hospital records for patients and their treatments, remained a concern.

In our follow-up, the Ministry informed us that all recommendations that could be implemented directly by the Ministry had been completed or were near completion. Regarding traceability of computer-based clinic and hospital records, the Ministry indicated it would liaise with partners (including Health Canada, College of Pharmacists of Ontario, Ontario Hospital Association, and CCO) to help determine whether this recommendation could be considered complete by December 2019.

Recommendation 7

To help ensure a stable and effective supply of cancer drugs, we recommend that Cancer Care Ontario work with the Ministry of Health and Long-Term Care and hospitals to:

- improve the process for sharing information on drug shortages and inventory;

Status: Fully implemented.

Details

We found in our 2017 audit that while the LHINs were supporting local communication among hospitals and hospital pharmacies, there was no provincial communication network connecting all hospital pharmacies in Ontario. Neither the Ministry nor CCO had policies on appropriate levels of cancer drugs that hospitals should keep in their inventories.

In our follow-up, we found that the Ministry and CCO improved the process for sharing information about drug inventory and potential shortages, including information about cancer drugs. For example:

- They gathered information through participation on national and provincial stakeholder committees such as the Provincial/Territorial Drug Shortages Task Team and Canadian Association of Provincial Cancer Agencies' Drug Supply Disruption Team.
- They provided regular updates to stakeholders via drug shortage memos with information about supply status, duration of shortage and patient prioritization.
- They posted Ontario Drug Stock Monitoring materials on the Ministry's online tool to share information with stakeholders. This website includes update memos issued by the Ministry and CCO on drug shortages and manufacturer information, as well as other resources.

CCO also supported the Ministry managing inventory at LHINs. The Ministry developed and launched an inventory-tracking tool called DSTrack

to collect real-time inventory information about cancer and non-cancer drug shortages. The LHIN Drug Leads are responsible for populating this tool, which can also be used to share drugs between the LHINs.

- establish a protocol for communication, drug-sharing and prioritizing patients in the event of a cancer-drug shortage.

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

Details

Our 2017 audit found that Ontario established no clear provincial protocol or guideline that hospitals, CCO or the Ministry could use to manage drug shortages. Specifically, nearly 78% of hospitals that responded to our survey indicated that the Ministry, LHINs and CCO should more actively provide help and guidance to hospitals during cancer-drug shortages.

As mentioned above, the Ministry and CCO implemented routine practices for stakeholder communication and drug-sharing at the provincial level. A protocol to prioritize patients, which relies on information including the specific cancer drug shortage, and an impact assessment with advice from provincial cancer leads/clinical experts have been implemented.

CCO also developed an action plan for drug shortages that includes consultation with stakeholders to refine and formalize the current process. In addition, CCO drafted a protocol to manage responses during drug shortages. CCO planned to review the protocol and its communications approach with the Ministry. The protocol is expected to be finalized with regional and provincial cancer leads by March 2020.

Specialized Cancer Treatment and Supportive Services

Recommendation 8

To better ensure the needs of cancer patients requiring stem cell transplants are met in a timely and equitable

manner, we recommend that the Ministry of Health and Long-Term Care work with Cancer Care Ontario and hospitals to assess the need for additional capital projects, and streamline and expedite the review and approval processes for capital funding to expand capacity for stem cell transplants in Ontario.

Status: Fully implemented.

Details

We found in our 2017 audit that while inadequate capacity for stem cell transplants has been raised as an issue since 2009, the Ministry, CCO and hospitals did not develop a capital-investment plan until 2016 to address the issue. The four capital expansion projects approved in 2016 require further approvals for each phase. These subsequent approvals were delayed, even though the Ministry indicated that stem cell projects were its top priority.

In our follow-up, we found that the Ministry had expedited planning and construction for investment projects in the following six facilities after assessing the need for increased access to stem cell transplants:

1. University Health Network/Princess Margaret Hospital
2. The Ottawa Hospital
3. Hamilton Health Sciences
4. Sunnybrook Health Sciences Centre
5. London Health Sciences Centre
6. Hospital for Sick Children

To expedite the review and approval for projects that addressed stem cell transplant capacity, the Ministry's Health Capital Investment Branch streamlined the capital planning process by combining planning, where feasible. This included combining Stage 1: Proposal and Stage 2: Functional Program and/or combining design and drawing Stages 3.1 and 3.2, where feasible. In one project, Stages 1 through 3 were combined to expedite the planning process.

Recommendation 9

To better ensure cancer patients' symptoms are monitored, managed and treated properly and in a timely

manner, we recommend that Cancer Care Ontario work with hospitals to assess symptom-management programs in other jurisdictions and determine whether similar programs can be implemented in Ontario to divert cancer patients from emergency rooms.

Status: Fully implemented.

Details

We found in our 2017 audit that support services in Ontario were inadequate to help ease patient symptoms and side-effects during cancer treatment, and lagged behind those of other jurisdictions, such as Manitoba and the U.S. As a result, many cancer patients visited hospital emergency rooms at least once during their treatment.

In our follow-up, we found that CCO had assessed symptom-management programs in other jurisdictions and started the following initiatives to divert cancer patients from emergency rooms:

- CCO developed a framework for Patient Reported Outcomes through consultation with clinical experts, regional cancer centre staff, and patient and family advisors. The framework allows patients to focus on what is most relevant to their experience, help identify issues early, track symptoms over time and improve outcomes. The framework also facilitates conversations with care providers and increases patient involvement in care. The pilot of this framework was implemented for head and neck cancer patients in two cancer centres in March 2019.
- CCO developed a toxicity management model of care and released related recommendations in the fourth quarter of 2017/18. A Steering Committee was formed to oversee the implementation of the model. Examples of actions to implement the recommendations include: improving symptom monitoring by developing an electronic tool (eTool) for patients to alert their healthcare team when symptoms need attention; improving service by triaging patients based on their symptoms to decrease emergency department visits;

and improving self-management by helping patients to understand and manage their symptoms and side-effects at home, when appropriate. The eTool project was expected to be launched by April 2020. With changes in the provincial health-care system and the transition of CCO into Ontario Health, the eTool project will go to Ontario Health for approval. As such, the timeline may change depending on the direction given.

- CCO, through a competitive process, entered into a contract with a vendor to provide 24/7 oncology nursing support to cancer patients to address patients' toxicity issues and reduce the use of emergency rooms. All cancer patients being treated or monitored by a medical or radiation oncologist in Ontario would have access to this service when it is fully implemented. At the time of our follow-up, this service had been implemented in 23 hospitals. CCO planned to continue working with the vendor to implement 24/7 oncology nursing support for the remaining 51 hospitals by December 2019.

Recommendation 10

To help ensure cancer patients receive sufficient and consistent psychosocial services across the province, we recommend that Cancer Care Ontario work with hospitals to:

- *develop and implement a long-term strategy to finance and expand psychosocial oncology services available to cancer patients;*

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

Details

We found in our 2017 audit that according to the Canadian Association of Psychosocial Oncology, as many as 40% of cancer patients required help from specialized professionals in addition to their medical treatment. However, we noted that in 2016/17, only 5.8% of patients received consultations with

dietitians, and only 6.6% received consultations with social workers.

In our follow-up, we found that CCO's Psychosocial Oncology Program had collaborated with its Capacity Planning team to develop a long-term strategy, as well as capacity and human resource recommendations for each of the specialized disciplines related to psychosocial services. Initial analysis was completed for social work and dietetics. Capacity planning for the remaining disciplines (speech language pathology, occupational therapy, physical therapy, psychology) was expected to be complete by April 2020.

In addition, to further understand and manage resources, CCO incorporated psychosocial services into its new Quality-Based Procedure funding model for radiation patients. This requires expert panels to quantify radiation patient needs for psychosocial services for each specialized discipline.

- *establish provincial standards for the delivery of psychosocial services in Ontario.*

Status: Fully implemented.

Details

Our 2017 audit found that psychosocial oncology services were not consistently available to patients across the province. More than half of the 14 regional cancer centres did not have a dedicated psychiatrist, occupational therapist, psychologist, or physiotherapist on site.

In our follow-up, we found that CCO had released a report called Recommendations for the Delivery of Psychosocial Oncology Services in Ontario to specify the standard of psychosocial care expected for cancer patients, and their family members. This report aimed to ensure the range of necessary psychosocial services were provided consistently and in a timely way to all cancer patients and their families in Ontario. Recommendations in this report were built on a foundation of person-centred care principles and core values, as well as existing models of care across Canada. The service delivery framework was released in the first quarter of 2018/19 and was available on CCO's website.

Cancer Diagnostic Procedures

Recommendation 11

To better ensure that cancer patients benefit from PET scans for diagnosis and treatment, we recommend that the Ministry of Health and Long-Term Care work with Cancer Care Ontario to:

- streamline and expedite the processes for adopting and funding new radioactive tracers in PET scanning, including updating the eligibility criteria for OHIP-insured PET scan services;
Status: In the process of being implemented by December 2019.

Details

We found in our 2017 audit that, since 2013, Ontario had not updated the eligibility criteria for OHIP coverage of PET scans, which covered only patients with very specific medical conditions and diagnostic needs. We also noted that Ontario had been slow to adopt new radioactive tracers, even though a number of them had been used in PET scans in other jurisdictions.

In our follow-up, we found that the Ministry and CCO had streamlined and expedited processes for adopting and funding new radioactive tracers in PET scanning. For example:

- A new PET scan radioactive tracer for neuroendocrine cancer patients obtained Health Canada and Ontario Cancer Research Ethics Board approvals in the fourth quarter of 2018/19, and has been available for use since mid-March 2019.
- A new radioactive tracer for PET scans for recurrent prostate cancer had been available at two of six hospital sites across the province. The remaining four sites were in the final stages of approval to provide PET scans. Full implementation was expected by December 2019.

- increase awareness of the availability of PET scanning and its usage in some clinical scenarios.

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

Details

Our 2017 audit found that 41% of the province's PET scan capacity was unused in 2016/17, suggesting that more patients could have received and potentially benefited from PET scans without adding more PET scanners. The Cancer Quality Council of Ontario reported that PET utilization was likely affected by physician awareness and referral patterns.

In our follow-up, we found that the CCO had developed and distributed referral forms with all eligibility criteria for PET scans. By having all eligibility criteria on one form, referring physician specialists have all the information they need in one location and are able to refer their patients for scans more easily.

In addition, CCO had been re-developing the website (www.petscansontario.ca) to better guide physicians and patients to information relevant to patient care and referrals. CCO planned to publicly post all referral forms. In May 2019, CCO started testing the website and launched it in June 2019.

To support targeted outreach to referring physicians where PET scans were underused (for lymphoma, for example), CCO planned to update previous analyses to understand where there are higher rates of patients who are not having a PET scan. This information would inform discussions with relevant specialists to make them aware of recommended practice, provide them with the tools to support referrals, highlight the clinical benefits to their patients of PET scans to inform care, and understand potential barriers to referrals. A comprehensive communication plan was expected to be finalized by the end of December 2019.

Recommendation 12

To better ensure cancer patients receive timely and equitable access to CT scans and MRIs, we recommend that the Ministry of Health and Long-Term Care work with Cancer Care Ontario and hospitals to:

- analyze the reasons for delays in scheduling CT scans and MRIs and take corrective actions to reduce wait times for cancer patients;

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

Details

We found in our 2017 audit that only 59% of CT scans and 51% of MRIs for cancer patients were performed within the Ministry's wait-time targets. We also noted significant wait-time variations among hospitals. For example, cancer patients had to wait up to 49 days for CT scans at one hospital, compared to up to 11 days at another hospital just five kilometres away.

In our follow-up, we found that the Ministry worked with CCO to reduce unnecessary demand for MRI and CT by developing indicators to measure referral practices. CCO carried out a preliminary analysis of referral appropriateness for MRI and CT, and made recommendations on what indicators would be needed to accurately quantify appropriateness of referrals. Once the Ministry had the necessary data, it planned to compare referrals across Ontario, quantify the impact of inappropriate referrals on wait times, and identify key drivers of inappropriate demand. The Ministry would then use this information to develop a plan to reduce inappropriate referrals.

Indicators to measure referral appropriateness were expected to be finalized by December 31, 2019. A plan to improve referral appropriateness was targeted for completion by March 2020.

- implement centralized referral and booking processes for cancer-related CT scans and MRIs.

Status: Little or no progress.

Details

Our 2017 audit found that cancer patients experienced significant variations in wait times for CT scans and MRIs, depending on the hospital. In addition, many waited longer than the Ministry's target of 10 days. The significant wait-time variations were due mainly to the lack of a centralized referral and booking system to help smooth volumes among hospitals.

In our follow-up, we found that the Ministry had not implemented centralized referral and booking processes for cancer-related CT scans and MRIs. However, the Ministry had started taking other actions such as monitoring local efforts to test central intake for high-demand services (including diagnostic imaging). The Ministry was also supporting the expansion of tools, such as eReferral, which uses electronic communication among providers to improve appropriateness of diagnostic imaging referrals. The Ministry will continue to work with current local and provincial delivery partners to develop an approach for eReferral, including consideration for centralized referral and booking processes for MRIs and CT scans.

Recommendation 13

To better ensure cancer patients receive quality diagnostic-imaging services, we recommend that the Ministry work with Cancer Care Ontario and the hospitals to implement a province-wide mandatory peer-review program based on the recommendations of Health Quality Ontario.

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

Details

We found in our 2017 audit that the number of reviews of diagnostic-imaging results by a second radiologist was inadequate, even though misinterpretation of results in 2013 led to several incorrect diagnoses in Ontario. We noted that 48% of hospitals we surveyed did not perform regularly scheduled reviews of diagnostic images. The Ministry had not taken steps to implement the province-wide peer-review program recommended by Health Quality Ontario (HQO).

In our follow-up, we found that the Ministry had been working with HQO to implement the peer-review program. In March 2019, HQO engaged the Joint Department of Medical Imaging (formed by the University of Toronto, Sinai Health System, the University Health Network and Women's College Hospital) to develop a provincial Radiology Peer Learning Program. The program would foster continuous quality improvement in diagnostic imaging, improved care, and enhanced patient outcomes and experiences. The Ministry indicated that ongoing engagement of clinicians and expansion of the Learning Program is expected to be completed by March 2020.

Recommendation 14

To better ensure cancer patients receive timely diagnostic services, we recommend that the Ministry of Health and Long-Term Care work with Cancer Care Ontario and the hospitals to:

- regularly track and monitor wait times of biopsies performed in clinics and hospital procedure rooms, as well as those done in hospital operating rooms;

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

Details

We found in our 2017 audit that limited biopsy wait-time data was available in Ontario, because CCO only tracked wait times for biopsies performed in hospital operating rooms, and not those done in clinics or hospital procedure rooms.

In our follow-up, we found that CCO had been working to identify barriers to diagnostic services and improve data collection of biopsy surgery procedures. CCO planned to provide recommendations and digital options or solutions by March 2020. Recommendations and options would be aimed at improving wait-time information on biopsy procedures for performance management purposes.

- develop strategies to reduce the wait times for biopsies performed in hospital operating rooms.

Status: Little or no progress.

Details

Our 2017 audit found that fewer than half (46%) of biopsies performed in hospital operating rooms were done within the Ministry's target wait time of 14 days. Ten percent of patients waited 78 days, or almost six times longer than the target.

As mentioned above, the Ministry indicated that strategies to improve wait times would be developed once more complete and actionable biopsy data was available. In the interim, CCO had begun engaging with clinical leadership to understand areas of focus and data requirements.

Funding Cancer Treatment Services

Recommendation 15

To better ensure radiation funding is equitable and reflects the actual services delivered by hospitals, we recommend that the Ministry of Health and Long-Term Care work with Cancer Care Ontario to evaluate and revise existing funding methods for radiation treatment so as to fund hospitals based on a consistent rate and actual services delivered.

Status: In the process of being implemented by April 2021.

Details

We found in our 2017 audit that both the Ministry and CCO funded hospitals for radiation services, but they did not use a consistent method or rate to determine amounts, which resulted in inequitable funding among hospitals. CCO acknowledged that the funding approach for radiation treatment required revisions to ensure consistent and equitable funding for hospitals.

In our follow-up, we found that CCO had evaluated funding methods for radiation treatment, and submitted a Radiation Quality-Based Procedures (QBP) Business Case to the Ministry in January 2018. QBPs are health-care services for which

evidence-based best practices have been defined; providers are compensated for those services based on an established price. The Ministry indicated that it would work with system partners to explore introducing radiation treatment as a QBP in future years. The QBP for radiation treatment is expected to be implemented on April 1, 2021, pending the Minister's approval.

Recommendation 16

To better ensure that funding for cancer drug therapy is appropriate and reflects the actual services delivered by hospitals, we recommend that Cancer Care Ontario fund hospitals using a consistent methodology that is not historically based.

Status: Fully implemented.

Details

We found in our 2017 audit that from 2014/15 to 2016/17, CCO provided hospitals a total of \$107 million for cancer drug therapy based on historical funding rather than service volumes.

In our follow-up, we found that CCO had provided detailed analyses to hospital CEOs, informing them that historical-based funding for cancer drug treatment would be eliminated. The CCO also worked with the Ministry to recalculate the historical-based funding and articulated this in the Ministry's 2018/19 funding letters to hospitals. Therefore, all hospitals are now receiving funding based on services delivered and the complexity of those services, eliminating any funding variation, inconsistency and unfairness.

Recommendation 17

To better ensure that cancer treatment services are delivered effectively and efficiently to meet patient needs, we recommend that the Ministry of Health and Long-Term Care:

- *incorporate a component of performance-based funding in the current funding model to provide*

incentives for improving the performance of the cancer system in Ontario;

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

Details

We found in our 2017 audit that cancer funding from CCO to hospitals, and from the Ministry to CCO, was volume-based or fixed. None of the CCO funding to hospitals was tied to how well they perform against measures, such as wait times and quality of services. Similarly, none of the Ministry funding to CCO was linked to CCO's performance compared to provincial cancer-program targets.

In our follow-up, we found that the Ministry had been exploring opportunities to incorporate performance-based funding in its current hospital funding model, based on lessons learned internationally and from Ontario's Emergency Department Pay-for-Results program. This initiative was piloted in acute care hospitals across the province from April 2018 to April 2019. The pilot program used a shadow-billing approach to demonstrate how performance on a small set of quality indicators would theoretically impact hospital funding. The Ministry planned to review the pilot indicators as part of the evaluation, and the inclusion of cancer-specific indicators would be explored at that time. An evaluation of the pilot was expected to be finalized in December 2019. The Ministry also indicated that it was in the process of exploring applying the performance assessment approach to Ontario Health Teams.

- *provide Cancer Care Ontario with timely funding decisions for proper planning and budgeting of cancer services.*

Status: Fully implemented.

Details

Our 2017 audit found that the Ministry did not provide cancer funding to CCO on a timely basis. Our review of the Ministry's funding letters to CCO between 2012/13 and 2016/17 showed that CCO

only received formal financial commitments either in the middle or toward the end of the fiscal year.

In our follow-up, we found that the Ministry began the 2018/19 CCO Master Accountability Agreement approvals process in December 2017 and received Minister's approval confirming funding in the first quarter of 2018/19. This was an improvement from our 2017 audit which indicated that CCO had only received funding commitments later in the fiscal year.

Accountability and Oversight of Ontario's Cancer Programs

Recommendation 18

To better ensure regional cancer programs are managed and operated by regional vice presidents (RVPs) effectively and efficiently to meet patient needs, we recommend Cancer Care Ontario:

- *work with hospitals to assess and improve the current reporting and accountability structure for RVPs;*

Status: Fully implemented.

Details

We found in our 2017 audit that while CCO relies on the 14 RVPs to drive performance improvements and integrate cancer care across Ontario, 12 of the 14 RVPs had other full-time responsibilities, in addition to managing their regional cancer centres and cancer programs. With these additional responsibilities, it was difficult for RVPs to devote sufficient time to collaborate with system partners in their regions to improve cancer performance.

In our follow-up, we found that CCO had assessed and improved the reporting accountability structure for RVPs. In April 2018, CCO revised the role description for RVPs, and received endorsement from hospital CEOs for the revision. This revised role description articulates the reporting structure and accountabilities of the RVP role. The RVP plays an integral role in the co-ordination of cancer care across Ontario by being jointly

accountable to the President and CEO of CCO, and the President and CEO of the hospital. The role supports provincial, regional and organizational planning. Collectively, RVPs and CCO's Executive Team form the Provincial Leadership Council (PLC) for cancer care, which guides the development and implementation of provincial and regional cancer strategies. The PLC works in tandem with CCO's Clinical Council, which represents CCO's clinical leadership, to identify clinical best practices and quality initiatives necessary for safe, high-quality cancer care.

Overall, the RVP is responsible for executing, at the provincial and regional levels, the vision, mission, and goals of CCO, as well as championing and influencing system transformation of the cancer system in the region.

- *work with hospitals to assess the performance of RVPs on an annual basis against program objectives and targets;*

Status: Fully implemented.

Details

Our 2017 audit found that CCO policy required the hospitals and CCO to jointly assess and document the performance of each RVP annually. However, we noted that CCO did not always conduct the required annual performance evaluations of the RVPs. CCO only assessed half of the 14 RVPs in 2016, three of whom had not been assessed for three years.

In our follow-up, we found that CCO had completed all RVP performance evaluations for 2018/19. CCO had also updated the performance review process, including the reporting template and a 360-degree feedback questionnaire (which gathers feedback from an employee's subordinates, colleagues and supervisors) to align with the role description of the RVPs.

- *collaborate with the Ministry of Health and Long-Term Care and Local Health Integration Networks when establishing priority indicators*

and targets to minimize competing demands between cancer and other programs.

Status: Fully implemented.

Details

Our 2017 audit found that CCO established performance indicators and annual improvement targets in collaboration with its RVPs, but neither the Ministry nor the LHINs participated in this process. In addition, CCO only met with the executive management of hospitals once a year, and no Ministry or LHIN staff attended these meetings. As a result, cancer programs often competed with other hospital programs and priorities for shared services.

In our follow-up, we found that CCO had collaborated with the Ministry and LHINs when establishing priority indicators and targets. In developing the 2019/20 priority indicators, CCO asked RVPs to share the indicators with stakeholders (including CEOs and LHINs) for feedback. Additionally, CCO met with the Ministry to discuss the 2019/20 targets in June 2019. CCO planned to continue working with the Ministry to assess any further opportunities to build on this process.

Chapter 1

Ministry of Health

Section 1.03

Community Health Centres

Follow-Up on VFM Section 3.03, 2017 Annual Report

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	2	1	1			
Recommendation 2	3	1	2			
Recommendation 3	2			2		
Recommendation 4	2		1	1		
Recommendation 5	4		4			
Recommendation 6	3	1	1	1		
Recommendation 7	3	1	2			
Recommendation 8	1		1			
Recommendation 9	2	1	1			
Total	22	5	13	4	0	0
%	100	23	59	18	0	0

Overall Conclusion

As of October 31, 2019, the Ministry of Health, previously known as the Ministry of Health and Long-Term Care (Ministry), and the Local Health Integration Networks (LHINs) had fully implemented 23% of actions we recommended in our 2017 Annual Report. The Ministry and the LHINs had made progress in implementing an additional 59% of the recommendations.

The Ministry and the LHINs had fully implemented recommendations such as establishing a timeline of transitioning the funding and oversight responsibilities of all inter-professional primary-care models to the LHINs and streamlining the number of performance indicators that Community Health Centres (CHCs) need to report in their quality improvement plans. They were in the process of implementing recommendations such as developing and putting in place a way to obtain and regularly update capacity and utilization information. They were also in the process of assessing whether

all CHCs should offer a core set of services and updating the accountability agreement between the CHCs and the LHINs accordingly.

However, the Ministry and the LHINs had made little progress on 18% of the recommendations, such as requiring CHCs that do not provide 24/7 on-call services to do so and making governance training available and promoting it to CHCs.

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

Background

Ontario's 76 (75 in 2016/17) Community Health Centres (CHCs) provide health care and community programs and services designed specifically for their communities. CHCs are mandated to serve populations that have traditionally faced barriers in accessing health services, including the homeless, seniors, refugees, new immigrants and low-income individuals. CHCs are also mandated to provide services at no charge to people without a health card. In the 2018/19 fiscal year, CHCs received \$454 million (\$401 million in 2016/17) from the Ministry of Health (Ministry) through Ontario's 14 Local Health Integration Networks (LHINs).

CHCs offer a wide range of services, examples of which include check-ups, immunizations, diabetic foot care, nutrition counselling, needle exchange, youth leadership training and skills development, parent and child programs, and outreach to isolated seniors. CHC physicians and nurse practitioners are salaried and do not bill the Ontario Health Insurance Plan for health services they render.

CHCs serve vulnerable populations and can contribute to reducing the strain on the health-care system and other provincial government programs. However, we found that the Ministry and the LHINs lacked critical information to make informed decisions on whether CHCs are cost-effective in providing quality care to their target population groups, and whether the Ministry should expand

the network of CHCs or reallocate funding among existing CHCs.

The following were some of our other significant observations:

- Because there had not been a comprehensive assessment of all primary-care models in Ontario, it was difficult to know how CHCs fit strategically within the primary-care system and the overall health-care system, and how the various models, such as CHCs, Family Health Teams, and fee-for-service practitioners, could best be used to effectively deliver primary care to Ontarians.
- We found that 16% of the CHCs were responsible for more patients than their capacity allowed; in contrast, about half of the CHCs were serving less than 80% of their targeted number of patients. We found that on a weekly basis in 2016/17, each CHC physician or nurse practitioner averaged 31 patient encounters, but some had as few as 16 encounters and some had almost 60 encounters. Without examining this data, the Ministry and the LHINs could not identify areas where resources could be reallocated to make the best use of the investment in the CHC sector.
- Four LHIN sub-regions, which are smaller geographic areas located within existing LHIN boundaries, did not have a CHC or any other form of primary care that offered inter-professional care under one roof.
- Neither the Ministry nor the LHINs defined what professionals, at a minimum, should be included in each CHC, and what minimum services the inter-professional teams should provide to CHC clients. Defining the staffing model and the core services that should be offered at each CHC could increase the efficiency and effectiveness of inter-professional teams and improve clients' access to their services.
- The annual base funding that LHINs provided to CHCs was predominantly based on historical funding levels and not tied to the number

of clients the CHCs served. The LHINs did not increase base funding to those CHCs that exceeded their targeted number of clients.

We made nine recommendations, consisting of 22 action items, to address our audit findings.

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

On June 6, 2019, the *Connecting Care Act, 2019*, came into force. The legislation is designed to integrate multiple provincial agencies, including the LHINs, into a single agency, called Ontario Health. The Ministry has said it will review the transitioning of funding and oversight of all inter-professional primary-care models to the LHINs, or to the new single agency, to ensure alignment with the overall health system transformation.

Status of Actions Taken on Recommendations

We conducted assurance work between April 1, 2019, and June 10, 2019. We obtained written representation from the Ministry of Health (Ministry) and the four Local Health Integration Networks (LHINs) we visited during our 2017 audit (Champlain, North Simcoe Muskoka, South West and Toronto Central) that effective October 31, 2019, they have provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Lack of Evaluation on Whether CHCs Are Meeting Needs of Communities

Recommendation 1

To inform decisions on how to use investment in Community Health Centres (CHCs) to better meet the needs of Ontarians, we recommend that the Local Health Integration Networks:

- *develop and implement a process to obtain and regularly update capacity and utilization information, considering how many people the CHCs actually serve compared to the number of people they are expected to be responsible for, wait-list information, and the growing populations of targeted client groups;*

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

Details

In our 2017 audit, we reported that neither the Ministry nor the four LHINs we visited required CHCs to report wait-list data. Even though the Ministry periodically reviewed opportunities for new or expanded CHCs across the province, it had not assessed utilization by and the unmet needs of the communities. As of March 31, 2017, CHCs across Ontario had registered about 335,300 patients, or 83% of the targeted panel size, which is the number of patients each CHC is supposed to be responsible for, into primary care. Of these CHCs, 16% were at or above their expected target, and about half were at less than 80% of their expected target.

At the time of this follow-up, we found that the LHINs had begun requiring CHCs to report certain indicators through their revised accountability agreement with CHCs. Some examples of the capacity and utilization data that will be reported to the LHINs by April 2020 include:

- Access to primary care: an indicator that measures the current number of CHC clients provided clinical services as a percentage of the total number of clients the CHC is expected to serve;
- Specialized care: the percentage of staff time spent on specialized care, including specialty clinics such as palliative care, obstetrics and may include priority populations (such as geriatric); and
- Non-insured clients: an indicator that measures the percentage of clients who do not have coverage under the Ontario Health Insurance Plan.

In addition, the LHINs started in 2018/19 to collect the following wait-list and wait-time data from the CHCs through the Community Accountability Planning Submissions, an annual submission that focuses on service planning and the measurement and evaluation of services:

- whether the program offered by the CHC has a wait list;
 - total individuals on a wait list at the end of the previous fiscal year; and
 - average wait time to access the program offered by the CHC.
- *examine the appropriateness of implementing the recommendation by the Primary Healthcare Planning Group to attach all Ontarians to inter-professional primary care, and develop and implement a plan in this regard if considered appropriate.*

Status: Fully implemented.

Details

In our 2017 audit, we noted that the Primary Healthcare Planning Group in 2011 recommended to the Ministry that all Ontarians be attached to inter-professional primary care and that “it is not recommended to develop new delivery models” beyond CHCs, family health teams, nurse practitioner-led clinics and Aboriginal Health Access Centres. The Primary Healthcare Planning Group was chaired by an Assistant Deputy Minister and included membership from the Ontario Medical Association, Registered Nurses’ Association of Ontario, Ontario College of Family Physicians and the Association of Ontario Health Centres, which is now called the Alliance for Healthier Communities. This planning group was established to draft and build consensus on a strategy for strengthening primary health care in Ontario.

At the time of this follow-up, the LHINs managed only CHCs but not the other three inter-professional primary-care models—family health teams, nurse practitioner-led clinics and Aboriginal Health Access Centres. The LHINs considered the Primary

Healthcare Planning Group’s recommendation for CHCs, and with funding totalling \$22.8 million in 2017/18 and 2018/19, the LHINs expanded attachment to inter-professional primary-care providers in 19 CHCs across the province. The Ministry indicated that nearly 28,000 patients benefited from this funding.

Recommendation 2

To ensure Local Health Integration Networks (LHINs) can support primary-care services planning as soon as possible in accordance with the Patients First Act, 2016 and to inform decisions on how to use investment in Community Health Centres (CHCs) to better meet the needs of Ontarians, we recommend that the Ministry of Health and Long-Term Care:

- *document the rationale for continuing capital projects that are part of the 2004 and 2005 CHC expansion announcements that are not yet under way, and, if appropriate, allocate any available resources to areas of greater need;*

Status: In the process of being implemented by March 2023.

Details

We reported in 2017 that of the total of 49 CHCs and satellite site expansions that were announced in 2004 and 2005, 30 were substantially complete, 12 were in progress, and seven had not submitted required documentation to the Ministry to proceed with their expansion. The Ministry explained that the CHC projects still in progress more than a decade later were either still in the project planning phase or under construction. We also noted that the Ministry could not produce its analysis back in 2004 and 2005 to determine where these new CHCs and satellite locations should be located.

At the time of the follow-up, the Ministry confirmed that of the 12 projects listed in 2017 as “in progress,” four projects were at least 95% completed and are now occupied by health-service providers. Another seven projects are still at the planning stage and one project is under construction. The Ministry

estimates that they will be substantially completed by March 2023.

The eight CHCs that had not submitted requests for capital projects to support the service expansion announcement at the time of our 2017 audit still had not done so at the time of the follow-up. The Ministry informed us that it did not set aside specific funding for any of the capital expansion projects announced in 2004 and 2005. These CHC sites can still submit a proposal to their LHIN; the Ministry will then assess these projects along with other community capital project submissions through the annual capital allocation process.

- *establish timelines to transition the funding and oversight responsibilities of all inter-professional primary-care models to the LHINs;*
Status: Fully implemented.

Details

We reported in 2017 that the LHINs, under the *Patients First Act, 2016*, have the authority to fund and manage some elements of primary care in Ontario. But at the time of our audit two years ago, the Ministry had not begun transitioning funding and managing responsibilities of the family health teams, nurse practitioner-led clinics and Aboriginal Health Access Centres to the LHINs and had not established any timelines for doing so, as allowed under the *Patients First Act, 2016*.

We found at the time of our follow-up that the Ministry completed an analysis in August 2018, which established the timelines to transition all inter-professional primary-care models to the LHINs, should the Ministry initiate the process to do so. The analysis included a review of the agreements managed by the Ministry, the funding allocations across all inter-professional primary-care models, the human resources and the information technology changes. At the time, the Ministry estimated that the timeline for transitioning funding and oversight responsibilities to the LHINs would take approximately 18 to 24 months, from the time that the process is initiated. However, the Ministry

had not yet initiated the transition process, and had indicated that funding and oversight responsibilities to LHINs will require further consideration given the integration of LHINs into Ontario Health that was under way.

- *develop performance metrics to measure achievement of and progress toward the goals stated in the primary care component of Patients First: Action Plan for Health Care, and evaluate how the various primary-care models, including CHCs, can best be used to effectively deliver primary care to Ontarians and meet these primary-care goals.*

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

Details

We reported in 2017 that even though the Ministry indicated that the provincial plan for primary care in a component of Patients First: Action Plan for Health Care, the plan does not specify how CHCs fit strategically within the primary-care system and lacks performance metrics to measure achievement of and progress toward the stated goals of the plan.

At the time of our follow-up, the Ministry had worked with Health Quality Ontario (HQP)—a provincial agency that reports to the public on the quality of the health-care system—to improve reporting on the primary-care sector. Through HQO's annual report on health-system performance, *Measuring Up*, the Ministry identified metrics to measure achievement of and progress toward the primary-care goals stated in the *Patients First: Action Plan for Health Care*. HQO reported on the following new metrics in the 2018 Measuring Up report: access to specialist care and co-ordinated care for patients with complex conditions.

In April 2019, *The People's Health Care Act, 2019*, received royal assent. This legislation allows for the establishment of Ontario Health Teams that are designed to connect health-care providers and services around patients and families, and the integration of multiple existing provincial agencies into

a single health agency—Ontario Health. With these changes, the Ministry said it plans to assess existing primary-care metrics and may develop new metrics by March 2020.

CHCs Fall Short of Consistently Providing Timely and Accessible Services to Clients

Recommendation 3

To ensure that Community Health Centre (CHC) clients have timely and equitable access to health and community services, we recommend that the Local Health Integration Networks:

- *collect and review wait-list information on CHCs' primary-care and other significant programs to address unmet needs;*

Status: Little or no progress.

Details

In our 2017 audit, we noted that neither the Ministry nor the LHINs had complete information on how many people are waiting to become CHC clients. Four of the eight CHCs we visited during the audit indicated that they were not able to meet the primary-care demand in their community. As well, clients at five of the eight CHCs experienced delays in receiving care from the interdisciplinary health team, such as from a dietitian, a foot care specialist or a physiotherapist. These CHCs had between 25 and 83 clients waiting to receive this type of care, with wait times ranging from two to five months at the time of our audit.

At the time of our follow-up, the Ministry was undertaking a review of the current data collection and reporting methods that are available to the LHINs so that the LHINs can learn how to improve data sharing regarding CHCs. The LHINs plan to consider further steps regarding collecting and reviewing wait-list information after the Ministry's review is completed by December 2019. The role of the LHINs in collecting and sharing CHC data may be impacted by the health system transformation and the establishment of Ontario Health Teams.

- *identify which CHCs do not provide 24/7 on-call services and require them to do so.*

Status: Little or no progress.

Details

In our 2017 audit, we found that two of the eight CHCs we visited do not provide 24/7 services even though the CHCs' accountability agreement with the LHINs requires CHCs to provide and actively promote on-call physician services on a 24/7 basis. Although CHCs can obtain written consents from the LHIN to be exempted from this requirement, one did not obtain exemption and its LHIN was not aware of this.

At the time of our follow-up, the LHINs are exploring integration opportunities with CHC partners, such as nurse practitioner-led clinics, to fulfill their obligation to provide 24/7 on-call services for their existing primary-care clients. The LHINs expected to complete such integrations by September 2020. The ability to facilitate these integration opportunities may shift from the LHINs to the Ministry, Ontario Health and Ontario Health Teams as a result of the health system transformation that is under way.

Minimum Services and Staffing Model Not Defined

Recommendation 4

To ensure Community Health Centre (CHC) clients across Ontario have access to the full range of health services and interdisciplinary health professionals and to better direct workforce planning, we recommend that the Local Health Integration Networks, in conjunction with the Ministry of Health and Long-Term Care:

- *assess whether all CHCs should offer a core set of services and update the accountability agreement between the CHCs and the LHINs accordingly;*

Status: In the process of being implemented by May 2020.

Details

In 2017, we reported that neither the LHINs nor the Ministry provided guidance on a minimum set of interdisciplinary services beyond those included within the accountability agreement between the LHINs and the CHCs.

We found during our follow-up that in March 2019 the Ministry completed a jurisdictional analysis regarding whether all CHCs should offer a core set of services. The analysis compared Ontario with other Canadian provinces, as well as Australia, England, and the United States. The Ministry's analysis found that community health services varied in most jurisdictions, depending on the needs of the local area.

The LHINs indicated that they will support the outcomes of the Ministry's analysis and implement any necessary changes to the accountability agreement by May 2020.

- *develop a mechanism to better understand the range of services offered by CHCs' interdisciplinary health professionals, and determine whether CHCs should employ a core complement of staff that offer interdisciplinary health services.*

Status: Little or no progress.

Details

In our 2017 audit, we found that beyond capturing the number of interactions that CHC interdisciplinary health professionals, such as physiotherapists, social workers and dietitians, have with their clients, the Ministry does not track or analyze the activities of these professionals as recommended by the Primary Healthcare Planning Group, as explained in **Recommendation 1**. The types of interdisciplinary health professionals that were available at CHCs varied widely. For example, according to data from 2016, 43% of CHCs had physiotherapists and 20% of CHCs had occupational therapists.

At the time of our follow-up, the LHINs indicated that CHCs provide community-based services that are tailored to reflect the unique needs of the

local communities that they serve. The LHINs indicated they will work with the Ministry and CHCs to consider an appropriate core set of services that CHC inter-professional teams can provide to clients.

Ministry and LHINs Lack Useful Information on CHCs

Recommendation 5

To ensure it has useful and complete information to measure the effectiveness of Community Health Centres (CHCs), we recommend that the Ministry of Health and Long-Term Care (Ministry), in conjunction with the Local Health Integration Networks (LHINs):

- *develop and implement mechanisms to obtain and analyze information from CHCs that operate electronic medical record systems that may not be compatible with the main system used by most CHCs;*

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

Details

In our 2017 audit, we reported that the Association of Ontario Health Centres (now Alliance for Healthier Communities) combined data from the CHCs across the province to generate demographic information such as clients' income level and age. The Alliance also collected data from health-care providers employed by the CHCs to generate statistics such as the number of physicians or dietitians and the number of patients they saw. However, we found that data from three CHCs could not be collected—two of them did not use an electronic medical record system that was compatible with the Alliance's system, and the remaining CHC was not a member of the Alliance.

At the time of our follow-up, there were still two CHCs that did not contribute data to the Alliance's system. The Ministry was in the process of implementing a new approach to collect patient, clinical, and non-clinical information from all CHCs. Having access to this information will allow the Ministry

to plan, fund and evaluate CHCs' programs and services more effectively. Specifically, the Ministry was working on a data-sharing agreement with the CHCs at the time of our 2017 audit and, during our follow-up, said it expects to have an agreement signed with the CHCs by December 2019. The two CHCs will be included in the agreement once they begin to contribute data to the Alliance's system. However, the Ministry informed us that there is no formal date for either CHC to be contributing data to the Alliance's system, but we plan to follow up with the Ministry by March 2021.

- *finalize the data-sharing agreement with CHCs and assess the feasibility of sharing the data with LHINs;*

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

Details

In our 2017 audit, the Ministry was in the process of implementing a data-sharing agreement with the CHCs. The LHINs are not a party to this agreement.

At the time of our follow-up, the Ministry was in the process of implementing, by December 2019, a new approach to collect data from CHCs, as mentioned in the action item above. This approach includes data-sharing agreements between the Ministry and each CHC. In addition, the Ministry is currently conducting a review of data collection and reporting methods available to the LHINs. This review will allow the Ministry to assess the optimal way to share data, which does not include patient personal health information, with the LHINs. The Ministry expects to complete this review by December 2019.

- *establish timelines for collecting information for the remaining measures the Ministry has prioritized according to the Primary-Care Performance Measurement Framework;*

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

Details

In our 2017 audit, the Ministry indicated it had prioritized and adopted a subset of the performance measures established by Health Quality Ontario (HQO), involving 18 practice-level measures and 12 system-level measures (at the community, regional and provincial levels) in the Primary-Care Performance Measurement Framework. However, data was not available for all of these measures and the Ministry had not established the timelines for implementing all of the prioritized measures.

At the time of our follow-up, the Ministry and HQO had not established a timeline to implement 11 of the 18 practice-level measures and two of the 12 system-level measures. They explained that these measures either do not have a consistent data source or would require a significant investment to collect the data. As the Ministry and HQO are currently working through the transition of HQO to Ontario Health, the assessment of what needs to be done and the priority for development of the remaining indicators will be part of the work considered by Ontario Health. The timeline for when this work will be finished depends on when the transition of HQO to Ontario Health is completed. We plan to follow up with the Ministry by March 2021.

- *develop performance indicators that measure outcomes of CHC clients for all types of services provided, collect this information and analyze the results.*

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

Details

In our 2017 audit, we found that while the CHCs report certain information to the LHINs as required in the accountability agreement, the indicators for the most part measure CHC outputs. The LHINs do not require CHCs to track outcome-based indicators, such as reduced social isolation and number of days spent in hospital by CHC clients. Some CHCs we visited during the audit explained that

collecting information to evaluate patient outcomes is difficult because CHCs cannot easily access data from hospitals and other primary-care providers due to privacy concerns. In addition, the Association of Ontario Health Centres (now Alliance for Healthier Communities) was working on new indicators or measurements that will help evaluate the impact of community programs and initiatives.

At the time of our follow-up, the Ministry was developing a standard performance measurement framework that will include a set of indicators on patient outcomes such as improved patient experience of care and improved population health. The Ministry said it expects to have this framework in place by December 2019.

Limited Oversight of Community Health Centres

Recommendation 6

To improve their oversight of Community Health Centres (CHCs), we recommend that the Local Health Integration Networks:

- *monitor accreditation statuses of all CHCs; for those CHCs that are not accredited, encourage them to either achieve accreditation or put in place alternative mechanisms for quality assurance;*

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

Details

In our 2017 audit, we reported that the LHINs relied on the accreditation process in lieu of conducting formal site inspections of CHCs. However, we found the LHINs did not require CHCs to be accredited and did not monitor their accreditation status. But guidelines by the Association of Ontario Health Centres (now Alliance for Healthier Communities) indicated that “it is expected that all CHCs commit to participate in an accreditation process.” Two of the eight CHCs we visited were not accredited but expected to be accredited within the next few years.

At the time of our follow-up, the LHINs were monitoring CHCs’ accreditation status including whether accreditation was completed, the name of the accreditation body and the length of the accreditation term. The LHINs are planning to include a requirement in CHC accountability agreements to employ a method or tool to measure performance and support improved quality, such as through accreditation or an alternative mechanism. The LHINs plan to implement the new requirement by April 2020.

- *identify areas that accreditation reviewers suggested should be improved through a review of CHCs’ accreditation reports and work with CHCs to rectify the issues;*

Status: Fully implemented.

Details

In our 2017 audit, we found that the LHINs do not require CHCs to submit accreditation review reports, or report any issues noted by the accreditors. As a result, the LHINs could not use this opportunity to identify systemic issues and encourage CHCs to rectify them.

At the time of our follow-up, the LHINs monitored CHCs’ accreditation reports, where available, in addition to other sources of information, such as quarterly performance reports, to determine priority areas for quality improvement. As the primary objective of a CHC is to meet the specific needs of the patient population it serves, the identified areas for improvement will vary based on the CHC and may not be applicable across all LHINs. The LHINs will decide individually on the review of accreditation reports with their CHCs and complete this work within each LHIN.

- *make available governance training and promote it to CHCs.*

Status: Little or no progress.

Details

In our 2017 audit, we noted that two of the four LHINs we visited offered governance training to

health-service providers in their regions but the other two did not. Governance training for CHC community-based boards helps assist board members who may not have board or governance experience and lends support to the governance portion of the accreditation process.

At the time of our follow-up, one of the four LHINs we visited during the 2017 audit had governance training available to CHCs through the LHIN Governance-to-Governance Forums. Specifically, it conducted a session with its CHCs on good governance practices in December 2017. In addition, the Association of Ontario Health Centres (now Alliance for Healthier Communities) publishes governance-related training materials on its website.

Recommendation 7

To optimize the value of the quality improvement plans and to promote performance improvement in Community Health Centres (CHCs), we recommend that the Ministry of Health and Long-Term Care, in conjunction with Health Quality Ontario:

- *identify systemic issues through a review of the submitted quality improvement plans and provide feedback to the CHCs;*

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

Details

In our 2017 audit, we noted that the Ministry did not review the individual quality improvement plans in detail to identify quality issues at specific CHCs, or follow up with CHCs on these annual results to ensure under-performance was corrected. This review and follow-up was inconsistent among the LHINs we visited.

At the time of our follow-up, Health Quality Ontario (HQO) had developed a plan to review and analyze quality improvement plans submitted by CHCs, identify systemic issues and provide feedback to them on those plans via webinars and guidance and, in some cases, outreach targeted to low-performing CHCs. As of October 2019,

HQO had provided webinars and help sessions to some CHCs. HQO considers the Ministry's feedback and refreshes the analysis plan every year. For the 2019/20 fiscal year, HQO has developed the analysis plan and expected to complete the review of submitted quality improvement plans by December 2019.

- *streamline the number of performance indicators that CHCs need to report in their quality improvement plans;*

Status: Fully implemented.

Details

In our 2017 audit, we noted that CHCs chose their own performance indicators and reported almost 100 unique indicators in their quality improvement plans combined in 2016/17, rendering comparison almost impossible.

At the time of our follow-up, HQO had identified three priority indicators and seven additional indicators for CHCs to submit in their 2018/19 quality improvement plans. For the 2019/20 fiscal year, HQO has further streamlined the indicators by eliminating the category of "additional indicators" and focused on the following five priority indicators:

- seven-day post-hospital discharge follow-up;
- timely access to a primary-care-provider;
- patient involvement in decisions about care;
- percentage of non-palliative patients newly dispensed an opioid; and
- early identification: documented assessment of palliative care needs for an early, at-risk cohort.

- *establish common performance targets across all CHCs.*

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

Details

We reported in 2017 that CHCs set their own performance targets, unless the indicators were specified in their accountability agreement with their

LHIN, in which case the LHIN-developed target was used. We noted examples where some CHCs set a high standard for their performance while others set a much lower standard.

At the time of our follow-up, the Ministry was conducting an internal evaluation of the merit of establishing common performance targets across all CHCs. Taking into account the health system transformation, the Ministry plans to engage Health Quality Ontario and the LHINs or Ontario Health to determine how performance and quality targets should be set for CHCs. The Ministry said it expects to issue formal recommendations by December 2019.

LHINs Do Not Adjust CHC Base Funding According to Number of Patients Served

Recommendation 8

To ensure that Community Health Centres (CHCs) can appropriately plan their operations and serve clients, we recommend that the Local Health Integration Networks review overall operating funding to CHCs to ensure each CHC's funding is commensurate with patient complexity, number of people served, geography and other relevant factors.

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

Details

In our 2017 audit, we reported that CHCs still received the same level of base funding year after year despite the fact that half of them were at less than 80% of their expected patient caseload. The accountability agreement between the LHIN and the CHC did not explicitly require each CHC to report to its LHIN the number of patients registered against the expected patient caseload. As a result, three of the four LHINs we visited did not collect data from their CHCs on the actual number of patients served. The LHINs also did not track the number of clients who accessed community programs only, limiting

the LHINs' ability to evaluate whether funding for these programs should be adjusted.

At the time of our follow-up, the Ministry was in the process of implementing a new data-sharing agreement with CHCs. This work may affect the provincial funding formula, and is expected to be completed by December 2019.

The LHINs now require CHCs to report on the performance indicator for "Access to Primary Care" through the accountability agreements. This indicator captures the number of clients provided clinical services as a percentage of the total number of clients the CHC is expected to serve. The LHINs will take this indicator, in addition to information collected from other sources, into consideration when reviewing CHC funding by April 2020. While the LHINs still do not require CHCs to report the number of clients who access community programs only, some CHCs report this information through the annual Community Accountability Planning Submissions. The LHINs continue to review funding allocation on an annual basis.

Ministry's Role in Sharing Best Practices on CHC Operations Is Limited

Recommendation 9

To facilitate dissemination of best practices to allow Community Health Centres (CHCs) to innovate, reduce inefficiencies, and provide more effective and higher quality services, we recommend that the Ministry of Health and Long-Term Care, in conjunction with the Local Health Integration Networks:

- *implement best practices promotion efforts under the Patients First Act, 2016;*

Status: Fully implemented.

Details

In our 2017 audit, we found that not all LHINs had appointed clinical leads, whose responsibilities include the promotion of clinical standards that are developed by Health Quality Ontario (HQO). In a

2001 Ministry-commissioned review, the consultants recommended that the Ministry support the dissemination of best practices. We found that the Ministry could do more to facilitate the sharing of best practices across primary-care models or within the CHC sector. Other inter-professional primary-care models, such as nurse practitioner-led clinics and family health teams, might also be using practices that could benefit the CHCs.

As of May 2019, HQO had developed 20 clinical care standards, 17 of which are relevant to the primary-care setting—10 of these 17 standards were developed since our 2017 audit. While all LHINs had funded their clinical lead positions, three LHINs had not been able to recruit these positions due to the provincial freeze on hiring and four LHINs had not been able to renew their contracts with clinical leads. With the recent government announcement on health system transformation, the LHINs will review the need for clinical lead positions by December 2019.

- *develop and implement a mechanism to compile and share best practices from all inter-professional primary-care models, including CHCs.*
Status: In the process of being implemented by December 2019.

Details

In our 2017 audit, we noted that the Ministry had had direct oversight of most of Ontario's inter-professional primary-care models for many years and these models might be using practices that could benefit the CHCs.

At the time of our follow-up, the Ministry was reviewing best-practice sharing mechanisms submitted from the Association of Ontario Health Centres (now Alliance for Healthier Communities), the Association of Family Health Teams Ontario and the Nurse Practitioner Association of Ontario. The Ministry will determine if it needs to develop a new mechanism to compile and share best practices from all inter-professional primary-care models, or if current mechanisms are sufficient, by December 2019.

Chapter 1

Section 1.04

Ministry of the Solicitor General and
Ministry of Municipal Affairs and Housing

Emergency Management in Ontario

Follow-Up on VFM Section 3.04, *2017 Annual Report*

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	1			1		
Recommendation 2	4		2	2		
Recommendation 3	3		2	1		
Recommendation 4	3	2		1		
Recommendation 5	3	1			2	
Recommendation 6	2		1	1		
Recommendation 7	2		2			
Recommendation 8	3			3		
Recommendation 9	4	1	1	2		
Recommendation 10	3			3		
Recommendation 11	2		2			
Recommendation 12	3		3			
Recommendation 13	3	2	1			
Recommendation 14	3			3		
Total	39	6	14	17	2	0
%	100	15	36	44	5	0

Overall Conclusion

As of September 23, 2019, the Ministry of the Solicitor General (formerly the Ministry of Community Safety and Correctional Services) and the Ministry of Municipal Affairs and Housing

(formerly the Ministry of Municipal Affairs) had fully implemented 15% of the actions we recommended in our *2017 Annual Report* (the Ministry of the Solicitor General implemented four out of 36 actions and the Ministry of Municipal Affairs and Housing implemented two out of three actions). The Ministries had made progress in implementing another 36% of recommended actions.

The Ministry of the Solicitor General had fully implemented the recommendation to use independent nuclear expertise to assess nuclear risks, plans and response strategies as well as the recommendation to undertake a comprehensive review and update of the provincial risk assessment and to implement an ongoing cyclical review for it.

The Ministry of Municipal Affairs and Housing had fully implemented the recommendation to implement processes allowing for more timely review and payment of financial-assistance claims from individual Ontarians and municipalities for disaster recovery. It also fully implemented the recommendation to document the requirements for its claims review processes and ensure that policies and procedures are in place and are applied consistently.

However, the Ministry of the Solicitor General had made little progress on 44% of the recommendations, including:

- reviewing best practices in other jurisdictions and establishing a governance structure that promotes and supports effective oversight of emergency management;
- reviewing the needs of municipalities and its own staffing practices, and put in place the appropriate level of support and staffing required to assist all of Ontario's municipalities in preparing for emergencies;
- providing the same level of support and assistance to municipalities regardless of whether a nearby nuclear facility is located inside or outside the province;
- developing, implementing and assessing the effectiveness of an appropriate and effective public-education program to prepare Ontarians for emergencies; and
- identifying appropriate performance measures related to emergency management program objectives, and regularly assessing program performance.

As well, the Ministry will not be implementing two recommended actions. See **Recommendation 5**.

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

Background

The Provincial Emergency Management Office (EMO) is a branch within the Office of the Fire Marshal and Emergency Management division of the Ministry of the Solicitor General (formerly the Ministry of Community Safety and Correctional Services). It is responsible for overseeing and co-ordinating the emergency management programs of the province, the various provincial ministries and Ontario's municipalities.

The focus of emergency management is on protecting lives, infrastructure, property and the environment, and on helping to ensure the continuity of government operations and critical assets.

Emergency management involves five inter-dependent components: prevention, mitigation (risk and damage reduction), preparedness, response and recovery. To determine the priorities for emergency management and identify the activities to undertake within these five components, the following must first be identified:

- potential hazards (such as floods, forest fires and severe weather events);
- critical infrastructure (such as roads and telecommunications); and
- time-critical government services (such as those that need either to remain operational during an emergency or be restored quickly afterwards).

Although the province had some measures in place to prepare for and respond to emergencies, we found in our 2017 audit that there were weaknesses in the emergency management programs across the province, and in EMO's oversight and co-ordination of those programs.

The following were some of our significant observations:

- The governance structure for emergency management in Ontario was not effective for overseeing a province-wide program. The Cabinet Committee on Emergency Management is responsible for the oversight of emergency management, but had not met for several years.
- Emergency management was given lower-than-expected priority in Ontario. EMO competes with other priorities of its Ministry. EMO has not fared well in this environment in the past, having experienced significant cuts to its program, staff and budget.
- The latest provincial risk assessment was done in 2012, and was based on emergencies experienced in Ontario up to 2009. Therefore, the provincial emergency management program had not considered emergencies that occurred between 2009 and 2017, or the latest information on climate change and other developing risks, such as cyberattacks and terrorism.
- The provincial emergency management program did not focus on all five components of emergency management: prevention, mitigation, preparedness, response and recovery. The provincial emergency management program focused mainly on just two of these—preparedness and response—with the Ministry of Municipal Affairs and Housing also undertaking activities related to recovery through disaster financial-assistance programs. Although there was a plan in 2003 to expand the provincial emergency management program to include all five components by 2006, this had not yet been done.
- The two provincial emergency response plans prepared by EMO—the Provincial Emergency Response Plan and the Provincial Nuclear Emergency Response Plan—had not been updated since 2008 and 2009, respectively. As a result, these plans may not have reflected more current operations or events.

- Approaches for practising for emergencies were insufficient to ensure the province was ready to respond to emergencies: approximately 80% of the practice tests undertaken during the five years prior to our audit were basic, consisting of discussions and seminars, for example, and generally did not include simulations of actual emergencies.
- The province's overall state of readiness to respond to emergencies needed significant improvement. For example, numbers of trained staff were insufficient for a lengthy emergency, and agreements were not in place for resources that might be needed for an emergency response.

We made 14 recommendations, consisting of 39 action items, to address our audit findings. We received commitment from both ministries that action would be taken to address our recommendations.

Status of Actions Taken on Recommendations

We conducted assurance work between April 2019 and September 2019. We obtained written representation from the Ministry of the Solicitor General and the Ministry of Municipal Affairs and Housing that effective October 31, 2019, they had provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Governance and Organization Structure Not Conducive to Effective Emergency Management

Recommendation 1

We recommend that the Ministry of Community Safety and Correctional Services (Ministry) through the Provincial Emergency Management Office review best practices in other jurisdictions and recommend

to the Cabinet Committee on Emergency Management a governance structure that promotes and supports effective oversight of emergency management in the province and increases emergency preparedness, and that the Ministry implement this structure with the approval of the Cabinet Committee.

Status: Little or no progress.

Details

In our 2017 audit, we found that although the Cabinet Committee on Emergency Management (Committee) had responsibility for the overall strategic direction of the province's emergency preparedness, the Committee did not meet regularly and had not delegated this responsibility to anyone else. In fact, we found no evidence that any formal meetings had been held in the past five years. We noted that without regular meetings, the Committee could not provide proper oversight and strategic direction for the province, could not offer a government-wide focus for emergency management, and was unable to demonstrate that the province was prepared to address an emergency.

During our follow-up, the Ministry told us that it recognized that oversight of emergency management can be made more effective by strengthening existing governance structures. It has identified the new members of the Cabinet Committee for Emergency Management. However, the Ministry has not undertaken a review of best practices of governance structures in other jurisdictions to inform changes to existing governance structures. It plans to undertake this work as part of an internal review that will be done on emergency management.

Recommendation 2

To ensure that the emergency management programs in place at Ontario's ministries and municipalities include all delegated responsibilities and are sufficiently preparing them to respond to emergencies, we recommend that the Ministry of Community Safety and Correctional Services through the Provincial Emergency Management Office:

- *assess whether the Chief of Emergency Management has sufficient authority under legislation to enforce the legal requirements of ministries and municipalities and whether changes are needed to obtain this authority;*

Status: Little or no progress.

Details

We found in our 2017 audit that the *Emergency Management and Civil Protection Act* assigned the day-to-day responsibility for emergency management to the Chief of Emergency Management, who is an Assistant Deputy Minister. The Chief's responsibilities included monitoring, co-ordinating and assisting in the development and implementation of emergency management programs in the province for ministries and municipalities. However, the legislation did not give the Chief authority to enforce the legal requirements for ministries and municipalities; the Chief was empowered only to encourage and request the co-operation of ministries and municipalities.

During our follow-up, the Ministry informed us that it plans to undertake an internal review of emergency management, which will include a review of best practices in emergency management to determine what changes are required to the provincial program to better ensure that ministries, municipalities and the province are prepared to respond to emergencies.

As part of the internal review, it plans to do an assessment of the Chief's authority, including the power to enforce legislation relating to emergency management programs of ministries and municipalities. The Ministry then also plans to determine whether other legislative or non-legislative tools are needed to enhance emergency management standards and enforce compliance.

- *implement an oversight process that focuses on the quality and sufficiency of the emergency management programs in place;*

Status: Little or no progress.

Details

When we conducted our audit in 2017, we found that the main oversight process for the emergency management programs of ministries and municipalities was in the form of a self-assessment compliance process using a checklist. This process did not look at the quality of the emergency management programs in place. Instead, it required ministries and municipalities to simply indicate if they had met certain requirements, and to provide a brief explanation of how the requirement was met—having an emergency response plan, for example, and using the plan to perform practice tests. This exercise did not assess whether these plans and tests would help ensure that an organization was prepared to respond to an actual emergency; nor did the process ensure that all required plans had been prepared.

In our follow-up, we found that the Ministry updated the checklist and guide for the annual ministry compliance review to assist in the development of their emergency management programs.

With respect to municipalities, the Ministry told us it undertook a legal consultation to gain an understanding of legal requirements for municipalities in the Emergency Management and Civil Protection Act. From this, it updated the compliance guide that is distributed to the municipalities.

However, for both the ministry and the municipal emergency management programs in place, the annual compliance review process has remained unchanged and does not focus on the quality and sufficiency of the programs. The Ministry informed us it plans to include the oversight process as part of the internal review of emergency management that it plans to undertake and intends to implement a new process based on the outcome of the review.

- *provide feedback to and work with noncompliant ministries and municipalities to ensure that they make timely improvements;*

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

Details

In our 2017 audit, we found that the Ministry did not have a process in place to follow up on organizations not in compliance with the legislated requirements for their emergency management plan to ensure corrections were made.

In our follow-up, we found that in 2018, the Ministry included information in the 2017 compliance review memos that were sent to ministries identifying areas of strength, opportunities for improvements, and recommendations. It also worked with some ministries found to be non-compliant during these reviews to help them improve their emergency management programs.

Ministry field officers also worked closely with municipalities in 2018 to continue the development of their emergency management programs and to address areas of non-compliance.

Although these were positive steps toward providing feedback and ensuring improvements were made, a formal process had not been put in place to follow up on non-compliance issues. The Ministry plans to put a process in place by December 2019.

- *summarize and report on the results of the compliance reviews to identify systemic issues across the province.*

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

Details

In 2017, our audit found that the Ministry had not analyzed the results of its compliance review process to identify systemic problems and gaps that may need to be addressed province-wide.

At the time of our follow-up, the Ministry had begun analyzing the results of ministry compliance reviews to identify areas needing additional help. In support of this, it provided us with a high-level summary of the areas of issues identified in the compliance reviews and common factors affecting compliance. Based on this analysis, the Ministry planned to implement tools, training or other activities to help ministries become compliant. The

Ministry informed us that it planned to complete this by March 2020.

The Ministry had not implemented a similar process for municipal compliance reviews, but informed us that it also planned to do this by March 2020.

Recommendation 3

To ensure that the Province has a co-ordinated emergency management program in place that supports the ministries and municipalities with their emergency management programs and is able to share information in a timely manner, we recommend that the Ministry of Community Safety and Correctional Services through the Provincial Emergency Management Office:

- *review the needs of municipalities and its own staffing practices, and put in place the appropriate level of support and staffing required to assist all of Ontario's municipalities in preparing for emergencies;*

Status: Little or no progress.

Details

We found in our 2017 audit that municipalities were the first to respond to emergencies at the local level. However, in order to carry out these responsibilities, many municipalities required support from the Province. In this regard, the Ministry had field officers positioned throughout the province to assist Ontario's 444 municipalities. These staff members are critical to the success of emergency management, as they are the day-to-day face of the Ministry. In total, 10 field officers were available to assist with municipal emergency management programs, resulting in an average load of 40 to 50 municipalities each.

In our interviews with municipalities, we found that the resources, expertise and state of preparedness at the municipalities varied widely. Although many of the large and some of the medium-sized municipalities said they did not require a great deal of assistance from the province, most of the

smaller ones did need a high level of assistance; for example, with practice tests or strengthening their emergency response plans. Yet many of those told us that the Provincial Emergency Management Office did not provide enough support to assist with their emergency management programs.

In our follow-up, we found that the Ministry signed an emergency response agreement with Indigenous Services Canada to increase staffing for emergency management, which would free up existing field officers and operations staff to better support the needs of municipalities. However, it has not undertaken a review of its own staffing needs or the staffing needed to assist municipalities.

In addition, although the Ministry plans to hire additional staff in the areas of operations, program development, training development, field operations, planning and exercises, and executive office staff, no additional staff had been hired at the time of our follow-up.

- *develop central resources, supports and best practices for emergency management to allow for better co-ordination, expertise and consistency of emergency management programs across Ontario;*

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

Details

Our 2017 audit found that municipalities and ministries lacked support in the form of centralized templates and guidelines for items such as emergency response plans, plans for continuity of government operations, samples of practice tests, and information on lessons learned during past events.

In our follow-up, we found that the Ministry had taken some action with regard to increasing the expertise and consistency of emergency management programs, mainly in the form of enhanced training sessions. It also continued to hold information-sharing meetings on a monthly basis.

The Ministry also planned to undertake a review of national and international best practices to

identify how to enhance emergency management programs in Ontario. It planned to complete this by March 2021.

- *review the information technology needs of the province and implement an effective, co-ordinated province-wide information technology solution.*

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

Details

In our 2017 audit, we found that the province had no co-ordinated Information Technology (IT) system in place for emergency management, even though it had spent about \$7.5 million on developing such a system.

In our follow-up, we found that the Ministry had developed a draft business case, which included a review of the IT needs of the province for an emergency management system. It had also issued a Request for Bids proposal to procure an emergency-incident-management IT system to track, report on and manage emergency incidents. The Ministry expected to identify the successful bidder and enter into a contract by December 2019, and have the system implemented by March 2020.

Risk Identification and Assessment Processes Are Not Sufficient to Ensure the Emergency Management Program Includes All Areas of Concern

Recommendation 4

To ensure that the provincial risk assessment is effective at identifying and assessing current hazards in Ontario, we recommend that the Ministry of Community Safety and Correctional Services through the Provincial Emergency Management Office:

- *undertake a comprehensive review and update of the provincial risk assessment, in collaboration with all ministries and municipalities;*

Status: Fully implemented.

Details

In our 2017 audit, we found that Ministry processes to identify and assess potential hazards were not sufficient to identify the areas of risk on which the province and ministries should focus their efforts. As a result, the emergency-management programs of the province and ministries either failed to include all risks or did not focus on the appropriate risks.

More specifically, we noted that the last provincial risk assessment was completed in 2012, based on information about emergencies in Ontario up to 2009. Therefore, the current assessment did not consider emergencies that occurred over the previous eight years or the latest information on the effects of climate change and other risks, such as cyberattacks and terrorism, whose frequency and severity may have changed.

We also found that the province, ministries and municipalities were all undertaking risk-assessment processes independently of each other, working in silos rather than collaboratively. The province completed its own risk assessment, even though it was the ministries that had subject-matter expertise on the hazards, and municipalities that had the local knowledge about where hazards were likely to occur.

We found in our follow-up that the Ministry had updated the provincial risk assessment, which includes a high-level assessment of the current hazards in Ontario. The updated version was developed in collaboration with expert advisers and representatives of ministries, municipalities, Indigenous groups and universities. It is available on the Ministry's website.

The provincial risk assessment also provides updated guidance to support municipal and ministry emergency management co-ordinators in the development of their own risk assessments.

- *seek approval for the assignment of responsibilities for new hazards;*

Status: Little or no progress.

Details

During our 2017 audit, we found that when the Ministry completed the provincial risk assessment in 2012, it identified hazards such as cyberattacks and geomagnetic storms that were not included in earlier assessments. However, responsibility for these hazards had not been assigned to any ministry so, by default, the new hazards became the responsibility of the Ministry, which lacked the expertise to deal with them.

In our follow-up, the Ministry informed us that the assignment of new hazards identified in the updated provincial risk assessment will be considered after the Provincial Emergency Response Plan is reviewed and finalized.

- *implement an ongoing cyclical review process using best practices.*

Status: Fully implemented.

Details

In our follow-up, we noted that the Ministry intended to review the risk assessment every five years. The Ministry was unable to identify best practices for the timing of the ongoing review process for the risk assessment, so instead, it based the five-year cycle on staffing levels, potential for changes in current hazards and the expected work required to update it.

It plans to begin the review process one to two years before publishing an updated risk assessment in order to allow time for comprehensive engagements with relevant parties, and a review of the content.

Recommendation 5

To ensure that all critical infrastructure and time-critical services in the province are appropriately identified, and that up-to-date plans are in place to protect critical infrastructure and maintain continuity of government operations, we recommend that the Ministry of Community Safety and Correctional Services through the Provincial Emergency Management Office:

- *develop and maintain a comprehensive listing and plans for the protection of critical infrastructure and all time-critical government services in the province;*

Status: Will not be implemented. The Office of the Auditor General of Ontario continues to believe that the Ministry, which has overarching responsibilities for emergency management in the province, should develop and maintain a comprehensive listing and plans to protect the province's critical infrastructure and time-critical government services.

Details

In 2017, our audit found that the Ministry did not have complete information on critical infrastructure in the province so that it could be prioritized and protected in an emergency; nor did the Ministry maintain a comprehensive, prioritized list of all time-critical services in the province. Such a list would be important in an emergency to help determine how to allocate limited government resources, such as staff, vehicles, generators and health supplies, to ensure continuity of the highest-priority services. We also noted that some continuity plans for government operations had not been prepared.

At the time of our follow-up, the Ministry stated that it does not plan to implement this recommendation. It currently maintains copies of ministry-level continuity of operations plans for the other ministries in the province. Critical infrastructure and time-critical services are identified at a branch and unit level within a ministry during the development of continuity of operations plans that are used locally. The Ministry told us that it does not need a comprehensive listing of this information or copies of these plans as it would not need to use the information during a provincial emergency response.

The Ministry plans to continue to work with the other ministries to ensure that they have identified critical services and developed continuity of operations plans to ensure that critical services are maintained during emergencies.

- *develop processes and supports to assist ministries with planning the continuity of their operations, including having an appropriate level of approval in place for the plans;*

Status: Fully implemented.

Details

We found in 2017 that the ministries we visited did not have in place adequate oversight practices for their continuity plans, leaving open the risk that they had not identified all time-critical services or planned appropriately to maintain them. Three of the four ministries we visited performed no review to ensure that all necessary continuity plans were completed.

We also noted that each of the ministries visited required different levels of approval for their branch continuity plans, with some branches requiring only that a manager approve the plans. This creates a risk that senior staff may not be aware if plans have been prepared for all time-critical services, or if the plans are up to date and reflect current operations.

In our follow-up, we found that the Ministry had revised the Emergency Management Program Guide, which supports ministries with their emergency management programs. The Guide includes information on the components that a continuity of operations plan should include, information on how to assign responsibilities to employees, and how to identify critical functions. The Ministry also has a Client Services Advisor available to work with ministries to support their continuity of operations programs.

- *evaluate requiring municipalities to have plans for the continuity of their operations.*

Status: Will not be implemented. The Office of the Auditor General of Ontario continues to believe that the Ministry should, at the very least, assess whether municipalities have continuity of operations plans and for those that do not, assess whether they need support in preparing them.

Details

During the audit in 2017, we found that there was no legislative requirement for municipalities to have continuity of operations plans, even though it is equally important for them to continue to offer time-critical services to their residents and businesses during an emergency.

In our follow-up, the Ministry told us that it does not plan to implement this recommendation as it is confident that municipalities consider and incorporate critical infrastructure in their emergency plans. Municipalities and communities also maintain their own critical infrastructure lists.

The Provincial Emergency Management Program Does Not Focus on All Five Components of Emergency Management

Recommendation 6

To ensure that Ontario is making reasonable efforts to prevent potential hazards or mitigate their impacts, and that these efforts are co-ordinated with emergency management programs, we recommend that the Ministry of Community Safety and Correctional Services through the Provincial Emergency Management Office work with ministries and municipalities to:

- *determine what prevention and mitigation activities are being done in the province;*
- Status: In the process of being implemented by March 2020.**

Details

We found in our 2017 audit that although there are five interdependent components of an emergency management program (prevention, mitigation, preparedness, response and recovery), the emergency management programs in Ontario mainly focused on preparedness, response and recovery. However, it is essential to know what can be prevented or mitigated in order to know the extent of the preparedness and response activities needed.

The ministries included in the audit were involved to some extent in prevention and mitigation activities, but most of the activities took place outside of emergency management and they were not taken into account by, or co-ordinated with, the activities of the ministries' emergency management branches. In addition, the Ministry did not maintain information on the mitigation and prevention initiatives undertaken in the province.

In our follow-up, we found that the Ministry had worked with other provincial governments, as well as the federal and territorial governments, to support the development and launch of the Emergency Management Strategy for Canada. This strategy, based on the United Nations' Sendai Framework, focuses on strengthening Canada's ability to assess risks and to prevent, mitigate, prepare for, respond to, and recover from disasters. The Ministry told us that it planned to work with the different levels of government to develop an action plan to implement the recommendations under this strategy.

In addition, the Ministry provided a list of some of the mitigation and prevention activities occurring in the province, but it had not undertaken a process to develop a complete listing of mitigation and prevention activities for all ministries and municipalities. The Ministry planned to undertake and complete this process by March 2020.

- *assess the costs and benefits of other prevention and mitigation opportunities to determine which ones to implement and incorporate into their emergency management programs.*

Status: Little or no progress.

Details

During our 2017 audit, we noted that that the Ministry was not comparing the costs of possible prevention and mitigation efforts with the potential savings in response and recovery costs. If prevention and mitigation activities were improved in the province, the need for expensive recovery assistance in certain areas could decrease.

In our follow-up, the Ministry told us that as part of Ontario's commitment to implement the Emergency Management Strategy for Canada, it planned to undertake a cost/benefit analysis to assist with decision-making in relation to prevention and mitigation proposals.

Emergency Preparedness Activities Need Improvement

Recommendation 7

To ensure that the province and its ministries are appropriately prepared to respond to an emergency, we recommend that the Ministry of Community Safety and Correctional Services through the Provincial Emergency Management Office work with ministries to:

- *annually review and update their emergency response plans for any recent events or best practices;*

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

Details

Our 2017 audit found that although the two provincial emergency response plans, the Provincial Emergency Response Plan and the Provincial Nuclear Emergency Response Plan, were to be fully updated every four years, they had in fact not been updated since 2008 and 2009, respectively. These plans were also to be reviewed annually and updated, if required, to incorporate program changes, current best practices, results of practice tests and experience from significant emergencies.

Ministries are also required to review their emergency response plans annually and update them as needed. However, we found that many plans had not been updated for several years, and there was no evidence of annual reviews being done.

In our follow-up, we found the Ministry had updated the Provincial Nuclear Emergency Response Plan, and received Cabinet approval for it. The Provincial Emergency Response Plan

had also been updated and is expected to be submitted to the Solicitor General for approval by December 2019.

The Ministry had not put a process in place by the time of our follow-up to ensure that all ministries review their plans on an annual basis and update them for recent events and best practices. It plans to do this by March 2020.

- *implement a multi-year testing strategy based on high-risk and high-consequence events that periodically tests emergency response plans using a variety of testing methods*

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

Details

Our audit in 2017 noted that an important aspect of emergency preparedness is the performance of practice tests for a simulated emergency with all relevant parties. An expert we engaged during the audit noted that best practices required practice tests to be based on high-risk and high-consequence events, and that the plans use a multi-year approach, usually three to five years.

We found that the ministries we visited focused on meeting the requirement in legislation of conducting one practice test per year rather than working toward the best preparation for responding to an emergency. In fact, none of the ministries we visited had a multi-year strategy in place to ensure that all emergency response plans were tested periodically. In addition, 82% of the practice tests performed were of the basic type and not based on the simulation of an emergency. Of further concern, three of the ministries focused their practice tests on plans for continuity of operations, as opposed to response plans for specific emergencies.

In our follow-up, we found the Ministry was developing a provincial program for practice tests based on current risk, needs assessments, corrective action planning and best practices that it plans to implement by March 2021. A draft strategy was developed that includes details on the development and selection process of the multi-year practice test

schedules, the annual review process, and the process to implement and track corrective actions.

The Ministry also developed a draft needs-assessment questionnaire to assist with the identification of ministry and municipality practice test needs.

Recommendation 8

To ensure that lessons learned from actual past emergencies and practice tests for response plans are used to improve emergency management programs, we recommend that the Ministry of Community Safety and Correctional Services through the Provincial Emergency Management Office work with ministries to:

- *develop standardized criteria that specify when lessons-learned reports are to be completed;*

Status: Little or no progress.

Details

During the 2017 audit, we found that there were no province-wide or ministry criteria to specify when lessons-learned reports for practice tests or actual past emergencies should be completed, or who should complete them.

When we reviewed all the practice tests undertaken from 2012 to 2016 across the ministries we visited, we found that reports had been prepared for only half of them.

In our follow-up, we noted that the Ministry had training courses for practice tests that include information on lessons-learned reports and what to include in the reports. The Ministry also told us that it was working on developing standardized criteria for when lessons-learned reports are to be completed.

- *implement the recommendations of these reports in emergency management programs; and*
- *track and periodically report on the progress made in implementing them.*

Status: Little or no progress.

Details

During the follow-up, we found that the Ministry included the development of a lessons-learned corrective-action tracking system in its 2019/20 business plan to assist with tracking and implementing recommendations from lessons-learned reports. However, to date no further action had been taken.

Recommendation 9

To ensure that Ontario's nuclear emergency management program is effectively preparing the Province to respond to nuclear emergencies that may impact Ontarians, we recommend that the Ministry of Community Safety and Correctional Services through the Provincial Emergency Management Office:

- *use independent nuclear expertise at all times to assess nuclear risks, plans and response strategies;*

Status: Fully implemented.

Details

In our 2017 report, we found that the Provincial Nuclear Emergency Management program required the Ministry to have its own staff with specific technical knowledge to assess risks and provide the Province with independent and objective advice.

At times, however, we noted this position was vacant, and the Ministry relied in part on a technical network of retired nuclear power company staff and a nuclear consulting group. It also had a staff member from a nuclear power company in the position who was paid directly by the power company, which could pose a risk to the Ministry's objectivity.

In our follow-up, we found that the Ministry had staffed a senior scientist position to improve the independence of its nuclear expertise. In addition, the Ministry hired additional staff with backgrounds and training in nuclear science and engineering to support the province's response to nuclear incidents and emergencies.

- *develop agreements with the Ontario nuclear power companies that state the requirements and deliverables for all parties;*

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

Details

In 2017, we found the Ministry received annual funding from nuclear power companies located in Ontario for the Provincial Nuclear Emergency Management program. Although the funding was for the provincial nuclear program, it was not tied to any requirements or deliverables.

In our follow-up, the Ministry told us that it had initiated discussions between its legal counsel and the nuclear power companies to develop new agreements that will outline clear deliverables, support, outcomes and performance measure for all parties. It also noted that all parties have agreed in concept to the need to update the agreements, but no draft agreements had been prepared at the time of our follow-up. The Ministry plans to have agreements in place by March 2020.

- *develop agreements with the US nuclear power companies that state the requirements and deliverables for all parties;*

Status: Little or no progress.

Details

Our 2017 audit found that municipalities located near nuclear power facilities in Ontario received assistance from the nuclear power companies to assist with their emergency management programs and response training. However, one municipality located near a US power company told us that although the company provided some funding, it was insufficient to support its nuclear emergency program.

In our follow-up, we noted that the Ministry had not taken any action on this recommendation because, the Ministry said, the development of an agreement was partly dependent upon updates being made to the emergency response plan of the US nuclear power company.

- *provide the same level of support and assistance to municipalities regardless of whether a nearby nuclear facility is located inside or outside the province.*

Status: Little or no progress.

Details

In our 2017 audit, we found that neighbouring US states had nuclear power facilities that could require an emergency response within Ontario. Yet Ontario municipalities that could be affected by these US facilities received little assistance from the province. As a result, municipalities located near out-of-province nuclear facilities were left to fund much of their own emergency preparedness and response activities, even though off-site nuclear emergencies are the province's responsibility.

The Ministry had not taken any action on this recommendation. According to the Ministry, the level of support and assistance that would be provided to municipalities and the resources needed were partly dependent upon updates being made to the emergency response plan of the US nuclear power company.

Planning Improvements Are Needed to Prepare for Effective and Efficient Emergency Response to Potential Future Emergencies

Recommendation 10

To ensure that Ontarians are informed on how to prepare for an emergency and on risks to be aware of in the province, we recommend that the Ministry of Community Safety and Correctional Services through the Provincial Emergency Management Office work with ministries to:

- *develop an appropriate and effective public education program on preparing the public for emergencies that the Province may face;*
- *implement the program; and*
- *assess the effectiveness of the program.*

Status: Little or no progress.

Details

We noted in our 2017 report that legislation requires each ministry to provide public education on emergency preparedness and that there are benefits to having a co-ordinated provincial approach to public education. However, there was no such approach in Ontario.

Instead, the Ministry used the Internet and Twitter to raise public awareness about possible emergencies, and it reinforced its messages during the annual Emergency Preparedness Week in May. However, we found that its reach through Twitter was less than 0.5% of the Ontario population and, therefore, ineffective.

During our follow-up, we found that the Ministry continued to rely on Twitter, the Internet, and on its annual Emergency Preparedness Week.

The Ministry told us it was liaising with Public Safety Canada and other provinces and territories to align provincial strategies on public education with federal initiatives. It also made a commitment to draft a provincial nuclear-public-education strategy to be shared with nuclear communities and stakeholders. The Ministry also plans to include a review of the public education program for emergency management as part of the internal review it intends to undertake.

Recommendation 11

To ensure that the province is ready to respond to emergencies effectively, we recommend that the Ministry of Community Safety and Correctional Services through the Provincial Emergency Management Office (EMO):

- *approve and mandate a standardized emergency response approach for the Province;*
- Status: In the process of being implemented by March 2020.**

Details

In 2017, we found that Ontario had not mandated a standardized-response approach to emergency management, which includes a standard organizational

structure, functions, processes and terminology for use at all levels of the response, and between organizations. The use of a standardized approach to respond to emergencies can help avoid problems that can occur when multiple organizations are working together. It helps provide a common understanding of response functions, such as who is in control and who the decision-makers are.

We noted during our follow-up that the Ministry had restarted the Incident Management System project, first launched in 2009, which is a standardized approach to emergency response. It had engaged a steering committee of members from over 30 organizations to oversee the project. It had also completed a jurisdictional scan of incident-response systems to ensure alignment with best practices of neighbouring jurisdictions, and had updated a draft version of the Incident Management System Doctrine, which included input from key partners. The Ministry planned to have a standardized emergency response for the province in place by March 2020.

- *work with ministries to develop a strategy for lengthy, large-scale emergency staffing requirements within EMO's and the ministries' emergency operations centres.*

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

Details

In 2017, we found that the Ministry had not identified and trained sufficient staff to maintain the Provincial Emergency Operations Centre (PEOC) around the clock during a large-scale emergency lasting more than two weeks, or a series of simultaneous emergencies. Instead, its plan was to have internal staff work around the clock during a prolonged emergency. Since staff were unable to work effectively around the clock for longer than two weeks, essential operations could not be guaranteed past this limit.

During the follow-up, the Ministry worked on enhancing staff training to improve availability

and deployment within the PEOC for the 2019/20 flood and forest fire seasons. The Ministry told us that several training sessions had been provided and that all Emergency Management Branch staff had participated in at least one. However, it had no records of the specific training staff received. Thus, it was unable to determine how many staff had been adequately trained and were available to work in the PEOC.

In addition, an All-Hazards Incident Management Team working group was established to work on a discussion paper on the topic. The paper will provide options and recommendations for developing a team in Ontario, with a goal to enhance staffing to assist the PEOC, ministries and municipalities. The Ministry planned to have a staffing strategy in place by March 2020.

Recommendation 12

To ensure that the province is ready to respond to emergencies efficiently and economically, we recommend that the Ministry of Community Safety and Correctional Services through the Provincial Emergency Management Office:

- *work with ministries to ensure that they plan for and enter into all relevant agreements and plans for any resources that may be needed during an emergency and, whenever possible, ensure that these agreements specify pre-established rates for these resources;*
- *work with ministries to ensure that they plan for and enter into all relevant agreements and plans for any services that may be needed during an emergency and, whenever possible, ensure that these agreements specify pre-established rates for these resources;*

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

Details

In our 2017 report, we found that the Ministry and most of the ministries we visited had few agreements in place for goods and services that might be

needed during an emergency—most had not even determined what types of resources they might need. Such agreements can improve the efficiency of emergency responses, especially if they include pre-established rates. In an attempt to address this, the Ministry created a supply chain group in 2008 involving all levels of government and the private sector. However, the group never began operations.

We also found that most of the ministries had not entered into mutual-aid agreements to obtain assistance from other jurisdictions and other levels of government during an emergency.

During the follow-up, the Ministry hired a staff member to support the development of the Emergency Management Supply Chain and Logistics Framework Project and update a draft charter for a new cross-ministry supply-chain program. The Framework Project is to establish a collaborative emergency logistics and procurement planning process in the province, and is to explore options for inter-ministry resource sharing and joint procurement. The Ministry planned to have the new program in place by March 2021.

The Ministry had also joined the Northern Emergency Management Assistance Compact, which provides a framework for sharing resources between member jurisdictions during an emergency or disaster. The Ministry still needed to develop standard operating procedures and address some barriers for cross-border assistance, which it also planned to do by March 2021.

- *develop its own specialized response team.*
Status: In the process of being implemented by March 2021.

Details

In our 2017 audit, we found that the Ministry did not have a specialized provincial response team in place to respond to any type of emergency. Although it developed the concept for such a team in 2008, and intended to launch it in 2012, the team was still not in place.

As mentioned previously, our follow-up noted that the Ministry had established an All-Hazards Incident Management Team working group to develop a discussion paper on the topic. At the time of our follow-ups, the paper was in draft format and was being reviewed by a steering committee to determine next steps. It provides options and recommendations for developing a team in Ontario, with a goal to enhance staffing to assist the PEOC, ministries and municipalities. The Ministry hopes to complete this by March 2021.

Financial Assistance Recovery Programs Lack Timeliness and a Consistent Approach to Handling Claims

Recommendation 13

To ensure that the provincial government provides timely and consistent financial assistance to those who are affected by the consequences of natural events, and to encourage prevention and mitigation efforts, we recommend that the Ministry of Municipal Affairs:

- *implement processes to allow for the more timely review and payment of claims;*

Status: Fully implemented.

Details

During the 2017 audit, we found that the Ministry of Municipal Affairs and Housing (formerly the Ministry of Municipal Affairs) had a target to finalize eligible claims and make payments to 80% of individuals under the Disaster Recovery Assistance for Ontarians (Disaster Recovery) program within eight months of the activation date of the program after a disaster. However, it met this target for only about 40% of claims during the program's first year in 2016. We also noted that as of the end of August 2017, more than 25% of all claims submitted for events in 2016 had not been paid.

The Municipal Disaster Recovery Assistance (Municipal Recovery) program paid claims to

municipalities within eight months of the submission date, but there was no target for when payments should be made.

In our follow-up, we found that the Ministry of Municipal Affairs and Housing changed the 80% target for the Disaster Recovery program, requiring claims to be finalized and payments made within eight months of when a claim was received, instead of from the activation date of the program. Despite this change, it was meeting both targets.

The Ministry of Municipal Affairs and Housing also improved the time it takes to activate the Disaster Recovery program after a disaster occurs, from between five and 27 days during the 2017 audit, to between one to 11 days at the time of our follow-up.

Other actions taken to improve payment timelines for the Disaster Recovery program included better collaboration with the Ministry of Municipal Affairs and Housing's fee-for-service adjusting firm by holding weekly meetings to discuss files with outstanding issues; the development of a detailed call centre script to ensure applicants have access to correct program information; and holding information sessions following disasters to provide information about the application process in order to improve the quality and completeness of applications.

The Ministry of Municipal Affairs and Housing also made several improvements to the processes for the Municipal Recovery program, such as providing outreach to ensure municipalities are aware of program guidelines and application requirements prior to the application deadline. It also conducted training workshops for municipalities to increase their understanding of application and documentation requirements to help improve the quality and completeness of applications to support a faster review.

- *document the requirements for its claims review processes and ensure that policies and procedures are in place and are applied consistently;*
Status: Fully implemented.

Details

In our 2017 audit, our review of claims that had been paid for the two new financial assistance recovery programs found that policies and procedures were applied inconsistently during claims processing. We also noted that guidelines were lacking or unclear, leading to exceptions and judgment calls in claims administration. In addition, an informal appeals process was used to handle disputes after a final claim amount was determined, which created unfairness for those not aware of this informal option.

In our follow-up, we found that the Ministry of Municipal Affairs and Housing worked with a consultant and the Office of the Provincial Controller to document process narratives and internal controls for both financial assistance recovery programs. The consultant identified opportunities to improve program-level controls, and these have been implemented.

In addition, for the Disaster Recovery program, the Ministry of Municipal Affairs and Housing provided updated guidance and training to the fee-for-service adjusting firm to help ensure file assessment processes are applied consistently. It also improved its intake and payment verification templates to ensure staff apply processes consistently.

The Ministry of Municipal Affairs and Housing also established a working group for the Municipal Recovery program to provide feedback on claims processes, with an aim to update its program documentation on an ongoing basis. The working group met once in late 2018, shortly after it was established. In addition, claim reviews and approval procedures are now documented in the procedures manual.

- *consider adding prevention and mitigation incentives to avoid similar consequences from potential future emergencies to financial assistance programs.*

Status: In the process of being implemented by December 2020.

Details

In 2017, we found that Ontario's financial assistance recovery programs were designed to fund repairs back to pre-disaster conditions only, even though it might be more beneficial to build better replacement structures to reduce vulnerability to future emergency events.

Our follow-up noted that the province had developed a Made in Ontario Environment Plan that encourages municipalities to incorporate climate-resilient improvements when repairing or replacing damaged infrastructure after a natural disaster.

In addition, the Ministry of Municipal Affairs and Housing undertook a policy review to develop options for providing an incentive to municipalities to improve local climate resilience by rebuilding better after a disaster to reduce the risk of repeat damage from future weather events. Following this, in June 2019, the Minister introduced a \$1-million pilot program for the 2019/20 fiscal year through the Municipal Recovery program to encourage municipalities to incorporate climate-resilient improvements when repairing or replacing infrastructure hit by a disaster. After the fiscal year ends, it plans to evaluate the project to determine if it will continue to provide this funding. It plans to make this decision by December 2020.

The Province Does Not Measure the Performance of Its Emergency Management Program or the State of Readiness in Ontario

Recommendation 14

To ensure that the Provincial Emergency Management Office (EMO) and ministries are held accountable for Ontario's state of readiness and that information is available on the performance and effectiveness of their emergency management programs, we recommend that the Ministry of Community Safety and Correctional Services, working through EMO and ministries:

- *identify appropriate performance measures related to the emergency management programs' objectives;*
- *regularly assess the programs' performance; and*
- *report publicly on the results.*

Status: Little or no progress.

Details

In 2017, we found that the Ministry had not established any performance measures relating to the delivery of program objectives or the effectiveness of the provincial emergency management program. In fact, it informed us that it did not know what the overall state of readiness was in Ontario. Similarly, none of the ministries that we visited had developed any specific performance measures for their emergency management programs.

We also found that although the Ministry reported annually on municipal and ministry compliance with the Emergency Management and Civil Protection Act, statistical and performance data was not always available to support or verify compliance.

During the follow-up, we noted that the Ministry had made little progress on our recommendation. It plans to look at national and international best practices for performance measures related to emergency management as part of the internal review it intends to conduct and then implement a new process.

Chapter 1

Section 1.05

Ministry of Agriculture, Food and Rural Affairs

Farm Support Programs

Follow-Up on VFM Section 3.05, 2017 Annual Report

RECOMMENDATION STATUS OVERVIEW						
	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the 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	2		1	1		
Recommendation 8	1		1			
Recommendation 9	2	1			1	
Recommendation 10	2			2		
Recommendation 11	2		1	1		
Recommendation 12	1			1		
Recommendation 13	1	1				
Recommendation 14	2		2			
Total	20	4	10	5	1	0
%	100	20	50	25	5	0

Overall Conclusion

As of October 31, 2019, the Ministry of Agriculture, Food and Rural Affairs (Ministry) and Agricorp, an Ontario Crown corporation that delivers most farm support programs, have fully implemented 20% of

the actions we recommended in our *2017 Annual Report*. The Ministry and Agricorp have made progress in implementing an additional 50% of the recommended actions but had made little or no progress on 25% of them and will not be implementing 5% of them.

Since our 2017 audit, Agricorp has identified the types of livestock business arrangements that

could have an impact on farmers' eligibility for the Ontario Risk Management Program and those farmers who are involved in such arrangements. In addition, in October 2018 and April 2019, AgriCorp's program audit group presented to its board of directors about significant risks that AgriCorp's staff face in processing payment applications. AgriCorp plans to continue these presentations by the program audit group twice a year. The Ministry has also worked with stakeholder groups to identify why uptake for AgriStability interim payments is low. The Ministry found in its jurisdiction review and stakeholder consultations that commodity groups had no issue regarding the uptake of interim payments.

At the time of our follow-up, the Ministry and AgriCorp were in the process of:

- updating AgriCorp's Production Insurance software to include triggers and tracking for field visits by March 2020;
- clarifying the definitions for determining ownership of cattle under the Ontario Risk Management Program by December 2019;
- identifying by January 2020 the effect that changes made in 2013 had on AgriStability's ability to support farmers;
- rolling out a new insurance-like Ontario Risk Management Program, including implementing new performance measures for the Program, by January 2021; and
- making substantive changes to the AgriStability program, as well as updating its business-risk-management program performance measurements by April 2023.

However, AgriCorp has made little progress on our recommendations to require source documentation from farmers engaged in high-risk business-risk arrangements. AgriCorp has also not determined the cost to fully update its information technology (IT) systems, particularly the system used to process AgriStability payments. The Ministry has also made little progress on our recommendations to educate farmers on the level of risk they are expected to manage themselves, develop a

crisis-response plan that provides criteria for when support will be provided and to whom, and work with federal, provincial and territorial governments to improve the timeliness of AgriRecovery.

AgriCorp had indicated that it will not make changes to its manual processes to calculate interim AgriStability payments. We believe this is a significant recommendation and continue to recommend that AgriCorp take actions to address it.

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

Background

Ontario's 49,600 farms account for one-quarter of all farms in Canada. In 2018, Ontario's agricultural sector contributed \$7.6 billion (\$4.4 billion in 2016) to the provincial economy and employed almost 69,000 people.

Farmers face two broad categories of operating risks: production risks relate primarily to the risk of lower production caused by such issues as weather, disease and pests, and price risks relate to fluctuations in both the cost of goods and services farmers must buy and the prices at which they can sell their commodities.

The federal, provincial and territorial governments share responsibility for developing agricultural policy frameworks and agreements to deliver programs to help farmers manage these risks. In Ontario, the Ministry of Agriculture, Food and Rural Affairs (Ministry) is responsible for farm-support policy decisions. AgriCorp, an Ontario Crown agency, delivers most farm-support programs.

From 2012/13 to 2018/19, the federal government and the Ministry spent a total of \$3.2 billion on farm-support programs in Ontario. Four business-risk-management programs provided most of the financial assistance to farmers:

- Production Insurance compensates crop farmers for lower yield due to adverse weather, wildlife, pest infestation or disease.

- AgriStability compensates farmers for significant drops in their farm income.
- AgriInvest is a savings program in which the federal and provincial governments match farmers' deposits to help farmers manage small decreases in income.
- The Ontario Risk Management Program compensates livestock, grains, and oilseed farmers when the cost of producing their commodities exceeds their market value. The Program serves fruit-and-vegetable farmers in a similar way to AgriInvest.

Our audit in 2017 found that the programs were not fully effective in ensuring support for farmers to manage their risks. Production Insurance appeared to provide timely and sufficient support to help crop farmers manage production risks, but we found that weaknesses in the design of the other programs limited the ability of the entire suite of farm-support programs to provide appropriate support. Specifically:

- The Ontario Risk Management Program often paid farmers with little regard to each farmer's needs because payments were based on the industry-average production cost instead of a farmer's actual costs. The Program's design also benefited large farms, which received payments based on higher industry-average production costs rather than on their actual—usually lower—costs due to economies of scale.
- AgriStability's ability to provide support was limited by low farmer participation. Farmers cited a number of reasons for not participating, including delays in payments, recent changes that resulted in lower payments, and inequities across sectors.
- Existing programs would likely be insufficient during a market-related crisis, and the Ministry's existing plans were inadequate to provide support during such crises because they did not say how support would be provided and were not designed to deal with long-term or market-related crises.

- Agricorp's systems and processes needed to improve to reduce overpayments due to incorrect and misleading information from farmers. In 31% of the 560 audits conducted in the five years prior to our audit, Agricorp's program auditors identified \$5.6 million in over- and underpayments to farmers resulting from incorrect or false information provided to Agricorp.
- Agricorp used more than 30 IT systems to administer its programs, but one of its four main systems was 25 years old while another was over 10 years old. In the five years prior to our audit, there had been 31 system-related errors that led to farmers either receiving incorrect information about their program participation or incorrect payments totalling over \$2.7 million.

We made 14 recommendations, consisting of 20 action items, to address our audit findings.

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

Status of Actions Taken on Recommendations

We conducted assurance work between May 1, 2019, and August 31, 2019. We obtained written representation from the Ministry of Agriculture, Food and Rural Affairs and Agricorp that effective October 31, 2019, they have provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Ontario Risk Management Program Pays Farmers with Little Regard to Individual Need

Recommendation 1

To ensure that Ontario Risk Management Program payments are appropriate for the individual needs

of farmers, we recommend that the Ministry of Agriculture, Food and Rural Affairs improve the current method of using industry-average cost-of-production to calculate payments or analyze whether an alternative method would be more appropriate.

Status: In the process of being implemented by January 2021.

Details

In our 2017 audit, we found that there was little connection between the Ontario Risk Management Program (Program) payments and individual farmers' incomes. Specifically:

- Farmers in the livestock or grains-and-oilseeds sectors who participated in the Program received payments based on an industry-average cost of producing their commodity. We noted two issues with using the "industry average" to calculate the payments. First, the industry average did not necessarily reflect each farmer's actual cost to produce the commodity. Second, the average cost was calculated using a small number of farms, with one commodity's average cost being calculated based on a sample of only six farmers.
- Fruit-and-vegetable growers who participated in the Program could request support payments for any reason.

As a result, we noted that farmers received payments even in profitable years. For example, of farmers who received payments between 2011 and 2015, only half had experienced lower income than the previous year or a loss in the year they received the payment. We also found that 30% of farmers who received payments reported higher income than the previous year. Payments made with no correlation to a farmer's individual financial situation do not stabilize income, as intended by the Program. During our audit, we were informed that the Ministry planned to move away from the industry-average method, with changes expected to be implemented by 2019.

The Ministry began reviewing the Program in January 2018 and in January 2019, decided to

transition to an insurance-like program, similar to Production Insurance. We reviewed internal documents about the proposed program and noted that under the new insurance-like program, farmers would be required to obtain coverage before any loss occurs, with premiums and benefits based on the farmer's individual situation.

In April 2019, the Ministry informed commodity groups of its plans to move toward this insurance-like program. Shortly thereafter, in May 2019, the Ministry established working groups composed of representatives from the Ministry, Agricorp and the industry, to begin the work of redesigning the Program. The working groups were expected to provide recommendations for the livestock and grains-and-oilseeds sectors and the fruit-and-vegetable sector in December 2019. The Ministry anticipates it will present options to Cabinet in time for the 2020 Ontario budget, and expects to roll out the redesigned Program by January 2021.

Recommendation 2

To ensure that all farms regardless of size have equal opportunities to receive Ontario Risk Management Program (Program) payments, we recommend the Ministry of Agriculture, Food and Rural Affairs improve the current method of calculating Program payments to better reflect the differences in farming operations across the province, for example by establishing different calculations based on the size of farming operations.

Status: In the process of being implemented by January 2021.

Details

During our 2017 audit, we found that the Ontario Risk Management Program's (Program) method of basing payments on the industry-average cost-of-production had benefited large farms more than smaller farms. This is because large farms can more easily achieve cost-efficiencies due to greater economies of scale. We reviewed Program participation information and found that while farms with gross receipts over \$1 million make up only 20% of

all farms in Ontario, they received 60% of all Program payments between 2011 and 2015.

We also reviewed a sample of payment files to determine whether the industry-average cost-of-production used to calculate the payment in fact reflected the actual cost of production for each individual farm. In over a quarter of the files we reviewed, farmers reported lower production costs than the industry average. For example, one farmer received \$827,000 in payments in 2015. If the payments were based on the farmer's actual costs, no payment would have been triggered.

As discussed in **Recommendation 1**, at the time of our follow-up, the Ministry was in the process of redesigning the Program from an industry-average-based payment to a more insurance-like program, where insurance liability and premiums would reflect individual farm production. The Ministry will consider design recommendations from the working groups (discussed in **Recommendation 1**) in December 2019 and implement the redesigned Program by January 2021.

Recommendation 3

To ensure that eligible livestock farmers receive correct Ontario Risk Management Program (Program) payments, we recommend that Agricorp:

- *identify the types of livestock business arrangements that impact farmers' Program eligibility;*

Status: Fully implemented.

Details

In our 2017 audit, we noted that eligibility rules regarding ownership of cattle for the Ontario Risk Management Program (Program) were not clear. Because of various business arrangements available to cattle farmers, the party with legal title to cattle is not always the same party who bears the risk of raising those cattle. At the time of our 2017 audit, Agricorp had not identified the types of cattle business arrangements that affect farmers' eligibility for the Program. We noted in our audit that from 2011 to 2017, Agricorp identified 15 farmers who

received a total of over \$2 million in overpayments due to unclear eligibility rules.

In March 2018, Agricorp notified cattle farmers that they must report to Agricorp all livestock business arrangements that could affect their eligibility for payments. Agricorp also distributed a memorandum to its staff in January 2019 that identified four different types of ownership arrangements that posed the highest risk of eligibility confusion and clarified which party would be eligible for Program payments.

Agricorp updated its underwriting and claims processes in March 2019, and provided training to staff on the new processes in April 2019. We compared the updated procedures to those that were in place at the time of our audit, and noted that they provided more guidance to staff when a farmer indicates that they are involved in one of these arrangements. Agricorp advised us during our follow-up that it plans to continue conducting annual audits to identify any new types of high-risk business arrangements. Agricorp will use the information from the audits to clarify eligibility.

- *further clarify program-eligibility rules for the various types of livestock business arrangements.*

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

Details

We noted at the time of our 2017 audit that many farmers had interpreted ownership as having legal title to the cattle. In contrast, the Ministry and Agricorp based ownership on who bore the risks related to raising and selling the cattle. Although the Program Handbook provided to farmers stated that "Agricorp considers ownership, price risk and production risk in determining eligibility," it did not define price risk or production risk.

At the time of our follow-up, Agricorp informed us that it will not make the memorandum identifying different types of ownership arrangements (discussed in **Recommendation 3**, action 1) available to farmers, as it believes the responsibility to

assess risk lies with its staff. Agricorp informed us that it is the staff's responsibility to ask farmers the correct questions, and that it does not want to provide farmers with details on determining their own Program eligibility. Instead, Agricorp will publish the definitions of price risk and production risk on its website by December 2019 to clarify the eligibility rules regarding ownership of cattle. These definitions will also be included in letters that will be sent to farmers in March 2020 asking if they wish to re-apply to the Program.

Recommendation 4

We recommend that Agricorp identify those farmers involved in livestock business arrangements, and ensure that its application-review processes considers the impact of such arrangements when calculating payments.

Status: Fully implemented.

Details

We noted at the time of our 2017 audit that Agricorp had not identified which farmers were involved in business arrangements that could affect their eligibility for the Ontario Risk Management Program (Program). We analyzed income-tax data from the Canada Revenue Agency and identified nearly 200 farmers who reported income and/or expenses from such arrangements from 2011 to 2016. We noted that this information could indicate additional overpayments that had not been identified.

For the 2018 program year, Agricorp updated its process for selecting which farmers to audit in order to focus more on those farmers whose complex business arrangements had more potential to lead to incorrect payments. At the time of our follow-up, Agricorp had reviewed 244 farmers' files and identified 39 new farmers with complex business arrangements.

As noted in **Recommendation 3**, Agricorp updated its underwriting procedures in March 2019. We reviewed the updated procedures, and noted that they required staff to review a report listing of all farmers who self-identified

as being in one of these arrangements. Beginning April 2019, staff were required to contact the farmers to obtain details of their financial arrangements and make the necessary changes to their Program enrolment, for example, the number of cattle enrolled in the Program.

Recommendation 5

We recommend that the Ministry of Agriculture, Food and Rural Affairs review and update the design of the Ontario Risk Management Program in light of the strategies it has identified for the program to ensure that it operates in a manner consistent with the objectives of other business-risk-management programs.

Status: In the process of being implemented by January 2021.

Details

In our 2017 audit, we noted that the Ontario Risk Management Program (Program) was originally intended to complement the existing business-risk-management programs that were jointly funded by the federal and provincial governments—AgriStability, Production Insurance and AgriInvest. However, the federal government did not support or provide additional funding for the Program because, unlike the other programs, it only provided protection for a specific type of risk and was not based on the performance of the entire farm operation.

To help provide farmers with more comprehensive coverage, the Ministry's original intent was for the Program to complement AgriStability, which is based on the overall financial situation of the farm. To achieve this goal, farmers were originally required to enrol in AgriStability in order to participate in the Program. The Ministry, however, removed this requirement in 2015. Between 2011 and 2015, participation in AgriStability decreased by nearly one-third, resulting in less coverage being available for these farmers. At the time of our audit, the Ministry had estimated that removing this requirement had resulted in \$6 million to \$15 million less in federal funding to Ontario farmers.

As noted under **Recommendations 1 and 2**, the Ministry is in the process of redesigning the Program and expects to roll out the new Program in January 2021. According to the Ministry, the redesigned program will adhere to the objectives of other business-risk-management programs, as it will function in a similar manner to Production Insurance. At the time of our follow-up, the Ministry had not yet consulted with the federal government to determine whether it would support or provide funding for the redesigned insurance-like program. In the interim, the Ministry has not re-established the requirement for farmers to enrol in AgriStability in order to be eligible for the Program.

Low Farmer Participation Limits AgriStability's Capacity to Provide Support

Recommendation 6

To ensure that all participants, regardless of type of farming operation, have an equal opportunity to receive AgriStability payments, we recommend that the Ministry of Agriculture, Food and Rural Affairs work with the federal government and other provincial and territorial governments to review and revise AgriStability rules as necessary to take into account the differences in farming operations and practices across the different sectors.

Status: In the process of being implemented by April 2023.

Details

During our 2017 audit, we noted that, from 2013 to 2015, more grains and oilseed farmers incurred large declines in income than cattle farmers, but fewer of them received AgriStability payments. Our analysis of income-tax data from those years found that 40% of grains and oilseed farmers had experienced a drop in net income of 30%, compared with only 28% of cattle farmers. However, we noted only 10% of the grains and oilseed farmers that applied for AgriStability during that period received payments, compared with 21% of the cattle farmers.

Grains and oilseed farmers were more likely to be affected by the program's "limiting rule," which stipulates that if a farm's eligible expenses are less than its average net income, the AgriStability payment is based on the lower eligible expense amount. Because their main expenses—the purchase and maintenance of equipment—were not eligible under AgriStability, grains and oilseed farmers were more likely to have lower expenses. If their expenses were low enough, grains and oilseed farmers did not trigger an AgriStability payment.

In July 2017, the Federal, Provincial, Territorial Ministers and Deputy Ministers of Agriculture agreed to undertake a review of the national suite of business-risk-management programs and established an expert panel to provide guidance and recommendations to improve AgriStability's effectiveness.

In April 2018, the federal, provincial and territorial governments implemented a new agriculture policy framework called the Canadian Agricultural Partnership, which brought about changes to AgriStability. Specifically, the amount of eligible expenses used to calculate the AgriStability payment cannot be less than 70% of the farm's average net income. This change was expected to lessen the effect of having fewer eligible expenses, though the Ministry indicated that it will not be able to confirm the effect of this change until there has been time to gather new data. The Ministry informed us it will begin collecting this information in September 2019.

The minister and deputy minister group met again in July 2019 to discuss the expert panel's recommendations for changes to AgriStability and are expected to decide on changes at their July 2020 meeting. The Ministry advised us that changes would likely not be implemented until April 2023 when the next agricultural policy framework is released.

Recommendation 7

To ensure that farmers receive the appropriate level of support for their losses under AgriStability, we recommend the Ministry of Agriculture, Food and Rural Affairs (Ministry) work with the federal and other provincial and territorial governments to:

- establish and clearly communicate to farmers the level of risk that farmers are expected to manage themselves;

Status: Little or no progress.

Details

We noted in our 2017 audit that changes to AgriStability rules in 2013 resulted in less coverage and lower payments to farmers. One of the changes, the “limiting rule” discussed in **Recommendation 6**, had negatively affected over half of the more than 44,000 applications since 2013, resulting in farmers either receiving lower payments than they would have prior to the changes, or none at all. On average, these farmers received 50% less in payments than they would have prior to the changes.

We noted in our audit that the changes were intended to provide support only for “disaster-level income declines.” However, a 2016 report by the Canadian Federation of Agriculture stated that AgriStability should not be limited to disaster support, and that farmers generally considered a 15% drop in income to be significant.

In March 2019, the federal government, on behalf of the provincial and territorial governments, led a two-day educational discussion on risk management with commodity groups, agricultural consultants and academics. The discussion concluded that the risk-management information available to farmers was disjointed and insufficient, and, as a result, they needed to find additional ways to disseminate risk-management information to farmers. At the time of our follow-up, the Ministry advised us that the federal, provincial and territorial governments anticipate they will continue to address the issue of educating farmers about risk management. However, they were unable to provide any timelines on when they expected further work to be completed.

- determine how the 2013 AgriStability changes affect the program’s ability to contribute to the goals of the Growing Forward 2 Framework of a profitable, sustainable, competitive and innovative agricultural industry.

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

Details

During our 2017 audit, we reviewed AgriStability participation from 2011 to 2015 and found that, on average, 16% of farmer applicants paid their annual application fees, but did not submit any of the required documentation to be eligible for payments. Neither the Ministry nor Agricorp had determined why these farmers did not submit their required forms, but advised us that it was likely because the farmers did not expect a payment and did not want to spend time or money on completing the paperwork.

In January 2018, a mid-term review by the expert panel discussed in **Recommendation 6** noted that key challenges continue with AgriStability, including declining participation and difficulties in meeting service standards. The panel referred to the results of a 2016 survey, conducted by Agriculture and Agri-Food Canada, which stated that the top reasons farmers declined to participate in AgriStability were the insufficient benefits and the high administrative burden.

The working groups are expected to present a final report on performance indicators for the 2016 program year to the federal, provincial and territorial government group by January 2020, which will provide further information on the impact of the changes made to AgriStability in 2013. The Ministry anticipates that these findings will be used in the development of the new AgriStability program discussed in action item one of **Recommendation 7**.

Recommendation 8

To enable farmers to reasonably estimate their AgriStability payments, we recommend that the Ministry provide farmers with the information and tools

necessary to enable them to reasonably estimate their AgriStability payments.

Status: In the process of being implemented by April 2023.

Details

In our 2017 audit, we noted that various entities—including the Ontario Federation of Agriculture, the federal internal audit department and the House of Commons Standing Committee on Agriculture and Agri-Food—raised the issue of farmers' difficulties in predicting if they will receive AgriStability payments. When farmers can predict their payment amount, they can better react to market conditions. At the time of our audit, Agricorp provided details of the various adjustments made to farmers' reported income and expenses to arrive at their AgriStability payments. However, we noted that the information did not help with predictability because it only discussed general rules and provided information about the specific adjustments after the payment application had already been processed by Agricorp.

In the July 2018 annual meeting of federal, provincial and territorial governments, the expert panel, as discussed in **Recommendation 6**, highlighted the need to address predictability in AgriStability payments. In response to this recommendation, a working group—with members from the federal, provincial and territorial governments—developed a plan to address this issue. In December 2018, the working group presented three options to the federal, provincial and territorial government group. As discussed in **Recommendation 6**, the government group anticipates it will decide on the future direction of AgriStability in July 2020 with changes put into effect by April 2023.

Recommendation 9

To ensure that more farmers receive AgriStability payments in a timely manner, we recommend that the Ministry of Agriculture, Food and Rural Affairs work with commodity groups to determine the reason for low interim payment application rates.

Status: Fully implemented.

Details

We noted in our 2017 audit that AgriStability payments were rarely made to farmers in the same year as the losses that triggered the payments. This is because AgriStability payments are based on income-tax data, and so the payments can only be calculated once a farmer has filed their taxes. We found that in 2015, only 24 farmers, or 1% of farmers who received a payment that year, received their payments by the end of the year. These farmers either had early tax year-ends, or had applied for interim payments.

Interim payments can be made prior to the tax year-end if a farmer is experiencing a serious cash flow problem. These payments are based on half of the estimated AgriStability payment, and the interim payment is deducted from the final payment based on tax information. During our audit, we found that only 1% of farmers had applied for interim payments from 2011 to 2015. At that time, neither the Ministry nor Agricorp had determined the reason for this low interim payment application rate. However, a federal audit of AgriStability found that it may be due to farmers fearing their payments would be clawed back if calculated incorrectly.

Since our audit, the Ministry and Agricorp have undertaken a number of steps to better understand the reasons why few farmers apply for interim payments and to inform farmers about the availability of interim payments:

- In April 2018, the Ministry conducted a jurisdictional scan across Canada to determine whether low uptake with interim payments was a common issue. Six provinces and the federal body that delivers farm support on behalf of certain provinces provided information for this review, which found that interim payments had low uptake in other provinces as well.
- In July 2018, Agricorp also provided information to farmers about the availability of interim payments for AgriStability.
- In January 2019, the Ministry met with industry stakeholders to discuss why interim payments applications were so low. The Ministry

advised us that stakeholders had no concerns regarding interim payments and had no suggestions for changes or improvements. The Ministry has therefore determined that no further work is necessary to determine the reason for low interim payments.

We also recommend that Agricorp strengthen its processes to improve the accuracy of interim payments.

Status: Will not be implemented. The Office of the Auditor General continues to recommend that Agricorp work to identify a method to improve the accuracy of its interim payments because manual workarounds increase the risk of human error, including errors unlikely to be identified as they may not relate to overpayments.

Details

During our 2017 audit, we noted that Agricorp used Excel to manually calculate interim payments, which increased the risk of error. Our review of interim payments between 2011 and 2015 found two examples where errors and delays in payments were due to errors from using this manual process. In one example, a farmer received \$6,000 less than he was eligible for, and in another, a farmer's interim payment was held up by two months because Agricorp staff overlooked the calculation of the application fee.

In 2016 and 2017, 37 farmers received interim payments totalling \$3.8 million. In October 2018, Agricorp reviewed these interim payments and found that five of the 37 farmers were overpaid by a total of \$46,000. Agricorp found that these five overpayments were caused by farmers overestimating their expected losses, and not by the manual calculation process. Agricorp, therefore, concluded that no changes were required to strengthen its processes to improve the accuracy of interim payments. However, we note that neither of the errors we identified at the time of our audit would have been identified in Agricorp's review of interim payments.

Ministry Poorly Equipped to Provide Support during Crises

Recommendation 10

To ensure that the Ministry of Agriculture, Food and Rural Affairs (Ministry) provides timely and appropriate support to farmers in a crisis, we recommend the Ministry:

- *develop a crisis-response plan that outlines roles and responsibilities for designing and delivering crisis programs, provides criteria for when support will be provided and to whom, and identifies potential sources of funding;*

Status: Little or no progress.

Details

Between 2007 and 2017, the Ministry created nine one-time programs to provide financial support to farmers during crises, in addition to the existing suite of business-risk-management programs. We found that this occurred because support provided through the existing programs was determined to be inadequate during emergencies.

We noted during our 2017 audit that the Ministry did not have clear criteria to help create emergency programs that specified the costs that would be covered and the level of support that farmers could expect if an emergency occurred. We also noted that existing plans and programs would not be used for market crises, which, according to the Organisation for Economic Co-operation and Development, caused the most serious losses for farmers to which governments had to provide support.

In April 2018, the Ministry developed a disaster monitoring framework to monitor changes in factors that influence the market so that it has a better idea of how to determine the likelihood of a crisis. While the framework identifies considerations such as existing programs and potential partners, the Ministry informed us that it would establish specific criteria to determine the timing of and eligibility for support only when developing disaster recovery programs. This approach is similar to that used by the Ministry in 2008 to provide crisis support to farmers

through the Ontario Cattle, Hog and Horticulture Payment (OCHHP). As we noted in our 2017 audit, one of the main criticisms of OCHHP was that farmers who needed financial support did not receive it because its design (including establishing eligibility criteria) and delivery had been rushed.

In July 2018, the federal agriculture department implemented a new late-participation option for AgriStability, which provinces and territories can trigger in response to significant crisis or income decline among farmers. The federal agriculture department supplied a template for provinces to use in determining when a farmer would be eligible to enrol past deadlines due to emergency scenarios. The Ministry finalized the template on how to trigger the late-participation mechanism in June 2019.

- *work with the federal-provincial-territorial governments to improve the timeliness of the AgriRecovery process.*

Status: Little or no progress.

Details

At the time of our 2017 audit, we noted that Ministry analysis had determined that AgriRecovery would not always provide timely support. Because of this, for example, when the Ontario bee sector faced a higher-than-normal bee mortality rate due to harsh winter conditions in 2014, the Ministry did not follow the AgriRecovery process because of the “lengthy approval process” to assess eligibility and obtain funding from the federal government. Instead, it created a two-year one-time program to provide more timely support to farmers.

At the time of our follow-up, the Ministry indicated that, in December 2018, it conducted an internal review of AgriRecovery. The review confirmed our audit’s finding that timeliness of AgriRecovery was problematic, noting that obtaining data from farmers and Treasury Board Secretariat approval from both provincial and federal governments were time-consuming processes. The assessment concluded that issues regarding the timeliness of AgriRecovery remained, yet when the federal,

provincial and territorial governments decided in July 2017 to review the national suite of business-risk-management programs, they determined not to include AgriRecovery in this review. The Ministry informed us that the federal, provincial and territorial governments wanted to focus the review on changes to AgriStability.

While the Ministry does not have sole control over the delivery of AgriRecovery, it has looked for alternative ways to provide emergency funding to farmers. For example, in 2018 and 2019, the Ministry and Agriculture and Agri-Food Canada provided emergency support to corn farmers who were affected by the presence of a toxic substance created by fungus found in corn.

Overpayments Occur Due to Incorrect and Misleading Information from Farmers

Recommendation 11

To ensure that farm-support payments are accurate and made only to eligible farmers, we recommend that with respect to high-risk applications, Agricorp:

- *require source documentation to support information provided by farmers in their applications;*

Status: Little or no progress.

Details

We noted during our 2017 audit that farm-support payments were made based on financial information, such as income and expenses, reported by farmers mainly through their tax returns. Independent verification, such as sales invoices and purchase receipts, was not required by Agricorp. Between 2012 and 2017, Agricorp’s program audit group, which ensures that farmers receive the correct support payments by requesting supporting documentation from farmers or conducting farm visits to validate information, determined that 31% of audited farmers had been either overpaid or underpaid a total of \$5.6 million. Specifically,

in 2015/16, Agricorp's program audit group found five instances where farmers had submitted false and misleading information to Agricorp in order to receive payments. The audit group determined that the farmers had been involved in a complex financial arrangement with each other and had provided fictitious invoices for feed and cattle sales to Agricorp. At the time of our audit, only one party of these types of arrangements was required to report this partnership to Agricorp.

Since our audit, Agricorp has updated its claims procedures as discussed under **Recommendations 3 and 4**. Agricorp's new claims procedures include more guidance on when additional documentation should be requested when a farmer has indicated that they are in a complex financial arrangement. However, we noted that under the new procedures, Agricorp still requires only one party of the financial arrangement to report the arrangement. All farmers in these high-risk financial arrangements are still not required to provide source documentation to Agricorp during their application.

- *explicitly identify the circumstances when a farm visit is necessary to further validate the information reported by farmers, and track the results of such farm visits.*

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

Details

At the time of our 2017 audit, farm visits were not required to verify information submitted for the Ontario Risk Management Program or AgriStability. Farm visits were required for farmers applying for Production Insurance payments only in certain situations. For example, a visit may be triggered if it was an unusually large claim compared to others in the same area, or if the farmer had applied for frequent claims. We also noted that because Agricorp did not systematically track its field visits, it was unable to determine how many claims had been validated by field visits.

In March 2019, Agricorp updated its procedure for conducting visits for farms enrolled in

AgriStability and the Ontario Risk Management Program to include reasons for a visit. However, the procedure does not explicitly identify specific circumstances when a farm visit would be required in order to review concerns or gather additional information. After updating its procedure, Agricorp has conducted four visits since April 2019.

Agricorp is also in the process of updating the IT program used to track farm visits under the Production Insurance program. The new software will include features that indicate when a Production Insurance site visit is required and, in addition, will be able to track these visits. Agricorp expects to implement this new software by March 2020.

Agricorp's Aging IT Systems Costly and Susceptible to Errors

Recommendation 12

To ensure that its IT renewal project is completed in a timely manner, we recommend that Agricorp work with the Ministry of Agriculture, Food and Rural Affairs to formally determine the funding and timelines for its IT renewal project and seek the necessary approvals to complete all phases of the project.

Status: Little or no progress.

Details

In our 2017 audit, we noted that Agricorp first determined the need to replace its information technology (IT) systems in 2005. In 2007, it developed a five-year phased-in approach to renew its IT infrastructure, but the plan did not include a total cost. In 2010, Agricorp revised its IT renewal strategy and requested funding for two of three phases. Phase one consisted of adding a unique identifier to link farmer information across the various information systems. Phase two, which is ongoing, involved replacing the 25-year-old system used for the Production Insurance program mentioned in **Recommendation 11**. We noted at the time of our audit, however, that Agricorp did not have a plan to replace another IT system, Zephyr, which it uses to process AgriStability payments. We

also found that Agricorp did not have an estimate on the total cost of the entire IT renewal process.

Following our audit, in June 2018, Agricorp created an inventory of the over 40 IT systems it uses to deliver farm-support programs. The inventory includes a risk ranking for each system based on specific criteria, as well as the expected number of years the application can continue to be used. Finally, the inventory also indicates whether Agricorp has requested or obtained funding for each IT system's renewal. The inventory is updated twice a year and is presented to Agricorp's board of directors. However, we noted that despite Agricorp determining in 2007 that Zephyr was "inadequate, unstable, inefficient, and outdated," the new inventory indicates that it has another five years of use. Agricorp has determined that Zephyr is not a priority and does not have a timeline for when a business case will be developed for its replacement. Agricorp informed us that due to changes made to the Zephyr program in 2012 prior to our audit, and changes made in 2017 during our audit, the risk of using the program had been reduced and was no longer the priority of its IT renewal. We noted, however, in **Recommendation 9** that Zephyr, not being able to process interim payments, increases the risk of human error.

Agricorp's Board Did Not Receive Documented Briefings from Management on the Results of Program Audits

Recommendation 13

To ensure that Agricorp's board of directors is fully informed about significant risks that affect Agricorp's delivery of farm-support programs, we recommend that Agricorp's program audit group report regularly to the board regarding its annual audit plan, its audit findings, and the implications of such findings for Agricorp's delivery of farm-support programs.

Status: Fully Implemented.

Details

As noted under **Recommendation 3**, at the time of our 2017 audit we noted that Agricorp's program audit team had found cases of incorrect payments being made due to complex eligibility rules, as well as certain farmers submitting false and misleading payments. In 2015, Agricorp's program audit group engaged the Ontario Internal Audit Division's Forensic Investigation Team to review the case involving the group of farmers who provided false and misleading information to ensure that their findings were accurate. Despite the forensic investigation team agreeing with the program audit team's conclusions, we noted that there was no evidence Agricorp's board of directors had been informed of this case. In fact, the board was unaware of the program audit team's findings or annual reports, which included annual trends, emerging risks, and recommendations. Instead of reporting directly to the board, the program audit team reported only to Agricorp's senior management and Chief Financial Officer.

In response to our recommendation, Agricorp's program audit team presented its first reports to the board's Financial and Audit Committee in October 2018 and April 2019. We reviewed the program audit team's presentation, and noted that it included a summary of work completed, payment changes, overall trends and findings, and highlighted other trends. Agricorp plans to continue these presentations to the board and the Chief Financial Officer twice a year.

Impact of Programs Not Fully Known or Measured

Recommendation 14

To ensure that performance indicators are tied to overall goals, we recommend that the Ministry of Agriculture, Food and Rural Affairs work with Agriculture and Agri-Food Canada, Agricorp and the Ontario Soil and Crop Improvement Association to:

- *review and make necessary changes to its performance indicators to ensure that they are tied to overall program goals;*

Status: In the process of being implemented by April 2023.

Details

At the time of our 2017 audit, the Ministry and Agricorp had various performance measures established for their farm-support programs. We noted, however, that these measures were mostly based on program-specific outputs, such as the number of payments made, instead of being tied to the goals of the framework, which were to “achieve a profitable, sustainable, competitive and innovative industry.” We also noted that while the suite of farm-support programs were intended to work together to provide a comprehensive support system, the performance measures and reviews completed by the Ministry between 2012 and 2017 focused on individual programs in isolation.

The working group made up of members from the federal, provincial and territorial governments noted in a February 2018 presentation that outcome-based indicators are lacking from the suite of programs, and that the performance measurements do not tie into the outcome of the Canadian Agricultural Partnership—the five-year policy framework developed by the federal, provincial and territorial governments in April 2018 that governs the delivery of most farm support programs in Canada. As a result, the Ministry was given direction by the government group to develop objective-based performance measurements for the next policy framework which is expected to be implemented in April 2023, when the new framework is established.

- *regularly collect and analyze information about the impact of support programs on Ontario farms to help adjust programs on an ongoing basis.*

Status: In the process of being implemented by April 2023.

Details

We noted at the time of our 2017 audit that the Ministry was unable to determine whether the Ontario Risk Management Program had achieved the desired outcome, and in fact, the result of a 2016 review indicated that “there is no credible evidence to substantiate the claim that the Program contributes to increased agricultural sector investment.”

We also found that the Ministry had conflicting sources of information regarding the impact of its programs. For example, a 2017 survey done by Agricorp found that 58% of respondents had more confidence to invest in their farm’s business improvements because they participated in AgriStability; and that 65% responded the same increased confidence came from participation in the Ontario Risk Management Program. However, these results were inconsistent with a February 2016 report by the Canadian Federation of Agriculture, which found that farmers’ confidence in business-risk-management programs was declining. In addition, a 2014 survey by the Ontario Federation of Agriculture indicated that 69% of farmers felt the business-risk-management programs did not meet their needs. Finally, our own survey done at the time of our audit of farmers indicated that only 24% and 35% believed AgriStability and the Ontario Risk Management Program, respectively, were effective in helping them manage their risks.

As noted in **Recommendations 1 and 2**, the Ministry is in the process of redesigning the Ontario Risk Management Program, which it expects to implement by January 2021. The Ministry indicated that it will develop performance measures for this program by that time. As noted in action item one of **Recommendation 14**, the Ministry expects to move forward with outcome-based performance measures for the business-risk-management suite of programs by April 2023, with the rollout of the new agricultural framework.

Chapter 1

Ministry of Energy

Section 1.06

Independent Electricity System Operator— Market Oversight and Cybersecurity

Follow-Up on VFM Section 3.06, 2017 Annual Report

RECOMMENDATION STATUS OVERVIEW						
	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	2		1	1		
Recommendation 2	1		1			
Recommendation 3	1		1			
Recommendation 4	1		1			
Recommendation 5	1	1				
Recommendation 6	1		1			
Recommendation 7	1		1			
Recommendation 8	3	2				1
Recommendation 9	2	2				
Recommendation 10	1		1			
Recommendation 11	1	1				
Recommendation 12	1	1				
Recommendation 13	1	1				
Recommendation 14	1	1				
Recommendation 15	1	1				
Recommendation 16	1	1				
Recommendation 17	2	1	1			
Recommendation 18	2					2
Total	24	12	8	1	0	3
%	100	50	33	4	0	13

Overall Conclusion

The Independent Electricity System Operator (IESO), the Ministry of Energy, and the Ontario Energy Board (OEB), as of August 31, 2019, have fully implemented 50% of actions we recommended in our *2017 Annual Report*. The Ministry, the IESO, and the OEB have made progress in implementing an additional 33% of the recommendations.

The IESO has fully implemented recommendations such as:

- providing a detailed analysis to the Ontario Energy Board Market Surveillance Panel (OEB Panel) to support its assertion that the Standby Cost Recovery Program is necessary to ensure a reliable supply of electricity for Ontarians;
- creating a senior-level position for cybersecurity and establishing a formal reporting process to both IESO executives and the IESO Board of Directors; and
- replacing the Oversight Division's computer system.

The IESO has made little progress on only one recommendation, which involves using its authority to amend a market rule immediately when recommendations are put forward by the OEB Panel.

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

Background

Ontario's electricity market determines the wholesale (market) price of electricity, which is one of the two components of the electricity charge on ratepayers' electricity bills. The other component is the "global adjustment," which in 2018 made up about 79% of the electricity charge (85% in 2016).

The Independent Electricity System Operator (IESO) administers the market, in which generators offer to supply electricity at prices to recover their

marginal costs for producing electricity, and large consumers and out-of-province electricity importers indicate how much electricity they are willing to consume and at what price.

Overseeing the market is a surveillance panel working for the Ontario Energy Board (OEB Panel), which monitors the market, and investigates and reports on ways that the market is vulnerable to being inappropriately manipulated by market participants because of weaknesses and flaws in its design. Also overseeing the market is a division of the IESO (IESO Oversight Division), which is responsible for monitoring, investigating and fining market participants that may be breaking market rules. The IESO is responsible for fixing weaknesses and flaws in market design; however, the Ontario Energy Board has the authority to revoke changes to the market rules and refer them back to the IESO for further consideration if the Ontario Energy Board considers that the changes are inconsistent with the purposes of the *Electricity Act, 1998*, or unjustly discriminate against or in favour of one or more market participants.

Among our findings:

- The OEB Panel had been effective in monitoring and reporting inappropriate market conduct, and recommending that the IESO fix problems with market design. However, the Ontario Energy Board itself could have done more to protect ratepayers' interests by requesting the IESO to further review and reconsider a market rule change to address the OEB Panel's repeated recommendations to fix certain weaknesses and flaws in the design of Ontario's electricity market.
- One program that the OEB Panel had recommended for years that the IESO scale back continued to pay gas generators an average of about \$30 million more per year than necessary. In addition, nine gas and coal generators claimed as much as \$260 million in ineligible costs under this program between 2006 and 2015. The IESO had recovered about two-thirds of this amount.

- There was little representation of ratepayers' interests on the working group that was helping to determine the future design of the electricity market through the IESO's Market Renewal Initiative. Some members of this group had been, or were being, investigated for benefitting financially from existing market design problems.
- According to the OEB Panel and our own review, the process at the IESO to change market rules was influenced by gas generators and others that had a direct and substantial financial interest in the current market design.
- Three investigations by the IESO's oversight division between 2015 and 2017 uncovered significant problems resulting in over \$30 million in fines and settlement recoveries, yet this division had limited resources and lacked explicitly legislated investigative powers to do more and timelier work.
- The government had several times broadened industry participation in the Industrial Conservation Initiative (ICI), a program that allows industrial ratepayers to reduce their electricity charges by shifting their global-adjustment costs to residential and small-business ratepayers. The OEB Panel reported that the ICI's impact in its first 10 months (it was launched in January 2011) was a reduction in the global-adjustment charges of about 65 large industrial ratepayers of about \$245 million, which was added to the electricity bills of residential and small-business ratepayers. Since the initial launch, the ICI was further expanded three times (in July 2015, January 2017 and July 2017), shifting an even more significant amount of the global-adjustment charge from large industrial ratepayers to residential and small-business ratepayers. Before the initiative launched in January 2011, all ratepayers were paying about 7 cents per kilowatt hour (cents/kWh). After six-and-a-half years (as

of June 2017), residential and small-business payers were paying 12 cents/kWh and large industrial ratepayers were paying 6 cents/kWh for the commodity cost of electricity.

We also audited how well the IESO protected its critical IT assets and infrastructure, and found the IESO's cybersecurity system complied with power grid reliability standards. However, the IESO could be better equipped to defend itself from an advanced cyberattack should one occur.

We made 18 recommendations, consisting of 24 action items, to address our audit findings.

Status of Actions Taken on Recommendations

We conducted assurance work between February 5, 2019 and August 31, 2019. We obtained written representation from the Ministry of Energy, the Independent Electricity System Operator, and the Ontario Energy Board that effective September 27, 2019, they had provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

The IESO and Ontario Energy Board Could Have Done More to Support the OEB Panel's Recommendations

Recommendation 1

To ensure that ratepayers' interests are protected and that recommendations made by the Ontario Energy Board Market Surveillance Panel (OEB Panel) to improve market rules are addressed, we recommend that the Independent Electricity System Operator (IESO):

- *implement the OEB Panel's recommendations in an effective and timely way; and*

- *where the OEB Panel submits a report to the IESO that contains recommendations relating to the misuse, abuse or possible abuse of market power, the IESO should use its authority to amend the market rule immediately and submit it to the Ontario Energy Board for its review.*

Status: In the process of being implemented by March 2023.

Details

In our 2017 audit, we found that the IESO had not always taken all the steps it could to meaningfully implement the OEB Panel's numerous recommendations for the Standby Cost Recovery and the Lost Profit Recovery programs. For example, in 2010, 2011, 2014, 2015 and 2016, the OEB Panel questioned if the Standby Cost Recovery Program needed to be retained, recommending that the program be reviewed, reassessed, justified and scaled back. This program paid gas generators about \$60 million per year to cover some of the costs incurred while on standby to produce electricity. If the IESO eliminated the reimbursement of certain operating and maintenance costs, the OEB Panel estimated the cost of the program would be reduced by approximately \$30 million annually. Also, in almost all of its 28 reports, released between 2002 and 2017, the OEB Panel expressed concerns about, or recommended changes to the Lost Profit Recovery Program. According to the OEB Panel, weaknesses in this program had allowed market participants to offer or bid prices into the market, not based on actual costs or electricity supply needs, but for the sole purpose of getting payments from the program. The program had paid market participants about \$110 million per year, on average.

In our follow-up, we found that since we issued our report in December 2017, the OEB Panel had made four recommendations to the IESO on the Lost Profit Recovery Program in two of its electricity market monitoring reports released on March 22, 2018 and April 29, 2019. The IESO had responded to the OEB with steps that it planned

to take in response to three out of the four recommendations and the timelines for completion of those steps. At the time of our follow-up, the IESO was in the process of implementing the three recommendations.

The fourth recommendation, which the IESO does not intend to implement, relates to how payments from the Lost Profit Recovery Program are calculated. The IESO expressed concern that this recommendation could result in a reduction in the effectiveness of this program and could also raise ratepayer costs. The IESO plans to address this recommendation through the Market Renewal Program, scheduled for implementation by March 2023.

- *where the OEB Panel submits a report to the IESO that contains recommendations relating to the misuse, abuse or possible abuse of market power, the IESO should use its authority to amend the market rule immediately and submit it to the Ontario Energy Board for its review.*

Status: Little or no progress.

Details

During our follow-up, we found that the IESO had not received a recommendation from the OEB Panel that specifically identified the misuse, abuse, or possible abuse of market power since the issuance of our report in December 2017. As a result, the IESO had not yet used its authority to amend a market rule immediately and submit it to the Ontario Energy Board for its review.

Recommendation 2

To ensure that ratepayers' interests are protected and that recommendations made by the Ontario Energy Board Market Surveillance Panel (OEB Panel) to improve market rules are addressed, we recommend that the Ontario Energy Board (OEB) use its legislative authority to revoke and refer a market rule amendment back to the Independent Electricity System Operator (IESO) for further consideration when the OEB's review determines that an amendment to the market

rule is not in the best interest of ratepayers, having regard to the fact that it does not address the OEB Panel's recommendations. The OEB should continue to revoke and refer such a market rule amendment back to the IESO until it is satisfied that the market rule amendment is in the best interest of ratepayers.

Status: In the process of being implemented upon completion of the Ministry of Energy, Northern Development and Mines' stakeholder consultation.

Details

In our 2017 audit, we found that the Ontario Energy Board had never revoked a market rule change approved by the IESO Board, despite the fact that the OEB Panel had made a number of recommendations in its reports highlighting the misuse and abuse of market rules.

In our follow-up, we found that since we issued our report in December 2017, the IESO had filed 15 market rule amendments with the OEB under *Section 33 of the Electricity Act, 1998 (Act)*.

The OEB did not revoke any of these rule amendments and refer them back to the IESO for further consideration. The OEB told us that it exercises its mandate within the parameters set out in the Act, and that it would use its legislative authority to revoke a market rule amendment and refer it back to the IESO if it finds that the amendment is inconsistent with the purposes of the Act, or unjustly discriminates against, or in favour of a market participant or class of market participants. In our follow-up, we found that the Ministry was assessing the current electricity market oversight structure, including the role and powers of the OEB under the Act.

On May 9, 2019, legislative amendments to the *Ontario Energy Board Act, 1998* were passed as part of the *Fixing the Hydro Mess Act, 2019*. These amendments enable reform of the OEB's governance structure, and seek to promote stronger governance and accountability. As of August 31, 2019, the Ministry was developing options for OEB reform for the government's consideration. This included examining the role and authority of the

OEB in the market rule amendment process. The Ministry has indicated it will be in a position to provide more information with respect to the timing once the results of ongoing stakeholder consultations are available.

Recommendation 3

To ensure that ratepayers' interests are protected and that recommendations made by the Ontario Energy Board Market Surveillance Panel (OEB Panel) to improve market rules are addressed, we recommend that the Ministry of Energy review the legislative power and authority of the Ontario Energy Board to conduct a review of a market rule on its own motion, and to consider expanding its authority under the Electricity Act, 1998, when misuse and abuse of a market rule is brought forward by the OEB Panel and is not effectively being addressed by the Independent Electricity System Operator (IESO) in a timely manner.

Status: In the process of being implemented upon completion of stakeholder consultation.

Details

We found in our 2017 audit that the Ontario Energy Board could not order the IESO to make specific changes to market rules, even if the OEB Panel brought forward evidence of misuse and abuse of a market rule. Under the *Electricity Act, 1998*, the IESO must give the Ontario Energy Board an assessment of the impact on ratepayers for any approved changes to market rules before the IESO implements them. The Ontario Energy Board has the authority to revoke changes to market rules and send them back to the IESO for further consideration. The IESO is not required to make changes or re-approve market rules revoked by the Ontario Energy Board.

In our follow-up, we found that the Ministry's review of the OEB's legislative authority was ongoing in consultation with both the OEB and the IESO. The Ministry planned to continue assessing the current market oversight structure, including the role and powers of the OEB under the *Electricity Act, 1998*.

On May 9, 2019, legislative amendments to the *Ontario Energy Board Act, 1998* were passed as part of the *Fixing the Hydro Mess Act, 2019*. The amendments enable reform of the OEB's governance structure, and seek to promote stronger governance and accountability. At the time of our follow-up, the Ministry was developing options for OEB reform for the government's consideration. This included examining the role and authority of the OEB in the market rule amendment process. The Ministry was unable to tell us when it expected to complete this work, as that was dependent on the results of ongoing stakeholder consultation.

Government Not Transparent about the Effect of Expanding the Industrial Conservation Initiative

Recommendation 4

To ensure the transparency of government decisions, we recommend that the Ministry of Energy review the impact of the Industrial Conservation Initiative on low-energy-consuming ratepayers and publicly report this information.

Status: In the process of being implemented upon completion of stakeholder consultation.

Details

We found in our 2017 audit that more global adjustment charges had been shifted to residential and small-business ratepayers as a result of the Industrial Conservation Initiative. In 2011, shortly after the program was launched, the OEB Panel reported that electricity prices continued to decrease for eligible industrial ratepayers while over the same time period, electricity prices for residential and small-business ratepayers almost doubled. In 2017, the government significantly lowered the eligibility threshold for the Initiative as part of the Fair Hydro Plan. This resulted in many more industrial and business ratepayers becoming eligible to participate in the program.

In our follow-up, we found that the Ministry had announced an industrial electricity pricing

consultation in its 2018 Fall Economic Statement. As part of this consultation, the Ministry would be assessing the Industrial Conservation Initiative and its impacts on low-consuming ratepayers, and would consider alternate rate structures. On April 1, 2019, the Ministry launched the consultation, and stakeholders had until June 14, 2019 to submit their written input online. The Ministry completed its consultation in the summer 2019, and has begun to develop policy options. The results would inform the future of the program. The Ministry advised us that the timing of any public report was not yet known, as it would depend on the scope of stakeholder comments submitted through the consultation, and the results of ongoing analysis of industrial electricity pricing policy.

The IESO Continues to Administer the Standby Cost Recovery Program Despite Reasons Not To

Recommendation 5

To protect ratepayers' interests and to improve the transparency of the decisions of the Independent Electricity System Operator (IESO), we recommend that the IESO provide a detailed analysis to the Ontario Energy Board Market Surveillance Panel (OEB Panel) to support its assertion that the Standby Cost Recovery Program is necessary to ensure a reliable supply of electricity for Ontarians.

Status: Fully implemented.

Details

We found in our 2017 audit that the IESO was continuing to use the Standby Cost Recovery Program to reimburse gas and coal generators with their fuel costs and operating and maintenance costs, despite a number of concerns raised by the OEB Panel.

The program pays generators for costs to start and run their equipment while on standby to supply electricity. The panel reported that the electricity supplied by gas generators under the program in 2014 cost \$61 million for generating less than 1% of the hours of electricity needed to meet Ontario's

demand. The panel was also concerned that the program was being overused at a time when Ontario regularly had surplus power, and was a net exporter of electricity. The IESO had yet to provide any detailed analysis to the panel to justify the need for the program.

In our follow-up, we found that the IESO provided a rationale to the panel on April 5, 2018 to support the assertion that the Standby Cost Recovery Program was necessary to ensure a reliable supply of electricity for Ontarians. The IESO explained that having generators readily available ensured electricity demand was met without reducing electricity grid reliability. If they could not recover their costs, generators would not have any incentive to be available. As a result, the IESO might have to purchase electricity on emergency basis at a much higher cost. However, the IESO did acknowledge that generally, it agreed with most of the underlying issues raised in the panel's reports. The IESO intended to replace the Standby Cost Recovery Program with a new more cost-effective program by March 2023, three-and-a-half years from now.

Recommendation 6

To ensure that ratepayers are not charged for unnecessary costs, we recommend that, if the Independent Electricity System Operator (IESO) does not cancel the Standby Cost Recovery Program, it fully implement the Ontario Energy Board Market Surveillance Panel's (OEB Panel) recommendations and not reimburse generators for operating and maintenance costs under the Program.

Status: In the process of being implemented by March 2023.

Details

We found in our 2017 audit that the maintenance and operating costs reimbursed to gas and coal generators through the Standby Cost Recovery Program was reducing the incentive for these generators to operate more efficiently by managing costs. Costs associated with the program are directly passed on to ratepayers. In 2015, the OEB

Panel reported that ratepayers would save about \$30 million annually if the program stopped reimbursing gas generators for certain maintenance and operating costs. The IESO Oversight Division also identified that almost \$260 million in potentially ineligible claims for costs out of about \$600 million total were paid out to gas and coal generators under the program. The IESO did not implement the panel's recommendations and as a result, the program continued to reimburse gas generators for their maintenance and operating costs.

In our follow-up, we found that the IESO continued to use the Standby Cost Recovery Program. It reported that the program was necessary to maintain a reliable power system, and to ensure compliance with North American Electric Reliability Corporation standards. Cancelling the program would result in more frequent instances where the IESO could be required to purchase electricity on emergency basis at a much higher cost. The IESO plans to eliminate the Standby Cost Recovery Program through the Market Renewal Program by March 2023.

The IESO Continues to Pay Market Participants under the Lost Profit Recovery Program without Addressing the Program's Flaws and Weaknesses

Recommendation 7

To ensure that ratepayers are not charged for unnecessary costs associated with the Lost Profit Recovery Program, we recommend that the Independent Electricity System Operator (IESO) implement the recommendations of the Ontario Energy Board Market Surveillance Panel (OEB Panel) regarding this Program.

Status: In the process of being implemented by March 2023.

Details

We found in our 2017 audit that the OEB Panel had made recommendations in almost all of its 28

reports for the IESO to fix the rules flaws that allow market participants to claim artificial losses under the Lost Profit Recovery Program. The OEB Panel reported that as of the end of 2015, about \$500 million of the \$1.5 billion program total was paid to market participants in northwestern Ontario. The generators in this region represent less than 5% of Ontario's generation capacity, and electricity demand for the region has fallen. The concern was that the market participants involved may be submitting market bids and offers to create the conditions under which they could claim lost profits that they may not have incurred.

In our follow-up, we found that the IESO would be making changes through the Market Renewal Program that included eliminating the need to make payments under the Lost Profit Recovery Program. The Market Renewal Program would introduce a single-schedule market where market prices will reflect the true costs of producing and consuming electricity at a given place and time. This would eliminate the need to reimburse generators for lost profits. The IESO expects to implement these changes by March 2023.

Market Participants Benefiting from Market Flaws Are Involved in Changing Market Rules and Market Design

Recommendation 8

To ensure that the Market Renewal Initiative (Initiative) considers and protects all ratepayers' interests, we recommend that the Independent Electricity System Operator (IESO):

- *immediately prohibit representatives from companies that have been found by the Ontario Energy Board Market Surveillance Panel or the IESO Oversight Division to have misused IESO programs from participating in the Initiative working group;*

Status: Fully implemented.

Details

We found in our 2017 audit that the working group leading the Market Renewal Initiative, formed to address known issues with the current market design, were representing companies found by the OEB Panel and/or the IESO Oversight Division to have misused market rules. Specifically, the OEB Panel found that Goreway Power Station had claimed ineligible or fabricated costs under the Standby Cost Recovery Program totalling \$89 million. Goreway also took advantage of the Lost Profit Recovery Program. A substantial portion of the \$11 million in total that Goreway received through the program were for lost profits that had not been incurred. We also noted that the representation of consumers in the working group was weighted in favour of high-volume electricity consumers, as opposed to medium- and low-volume electricity consumers.

In our follow-up, we found that in December 2017, a member representing low-volume consumers was added to the Market Renewal Working Group. In addition, Goreway, then co-chairing the Working Group, was removed from the Initiative altogether. The Working Group's work was completed in February 2019, and it was officially disbanded when the focus of the Market Renewal Program moved on to a detailed design phase.

- *establish a minimum number of working group members representing low-power consumers and ensure that those positions are always filled;*

Status: No longer applicable.

Details

At the time the Market Renewal Working Group was disbanded in February 2019, eight of the 21 members were consumer representatives.

- *publicly report in clear language how the results of the Initiative will be in the best interests of all ratepayers.*

Status: Fully implemented.

Details

In our follow-up, we found that the IESO had hosted education and awareness sessions in fall 2018 to broaden the awareness and understanding of the Market Renewal Program with low-volume consumers. The sessions were intended to introduce the core concepts and impact of the program and provide a practical understanding for this audience. The IESO's Stakeholder Advisory Committee, which included consumer representatives, was also provided with frequent updates on the program. In April 2019, the IESO launched a new website allowing the public to access all Market Renewal Program information. Language used on the website was less technical and clearly described how the Market Renewal Program would benefit Ontarians.

The IESO Oversight Division's Ability to Uncover Significant Rule Violations Is Limited

Recommendation 9

To ensure that the Independent Electricity System Operator (IESO) Market Assessment and Compliance Division can conduct proper oversight of the market, we recommend that the IESO:

- *assess the resources needed to eliminate its investigation backlog and conduct the large-scale investigations that have proven effective in recovering funds and identifying and sanctioning significant rule violations;*

Status: Fully implemented.

Details

We found in our 2017 audit that that the IESO Oversight Division had five potential major rule violations out of a total of 78 that required large-scale investigations. However, only one investigation was underway. Four others were suspended because of a lack of resources. The IESO Oversight Division receives information from the IESO about suspicious or unusual market activity that could signal rule

violations. The division also conducts investigations, and if there is a violation, warns or fines the guilty party. From 2015 to 2017, the division uncovered repeated non-compliance that resulted in total fines or settlements exceeding \$30 million. As of June 2017, the division also had a backlog of 43 investigations for minor breaches of market rules. We also found that only 60% of staff positions in the division were filled, and the average staff turnover had been almost 30% per year since 2012.

In our follow-up, we found that since our audit, the division had filled 19 positions and converted six contract staff into regular full-time staff. As of August 31, 2019, the division had 43 full-time staff, compared to 24 full-time staff at the time of our 2017 audit. The investigation phase of the suspected major rule violations we found during our audit were either fully resolved or in the adjudication, penalty or dispute stage. While the backlog of suspected violations could not fully been eliminated because potential market rule breaches arise continuously, the division was monitoring for these compliance issues daily, and was using risk-based analysis to determine earlier whether a matter should advance to the investigation phase.

- *attract and retain staff with experience in market rules and expertise in investigation.*

Status: Fully implemented.

Details

In our follow-up, we found that since the time of our audit, the IESO Oversight Division had been able to attract and retain 19 new staff with experience in market rules and investigations. All new staff had various levels of expertise, with knowledge of market rules, experience with investigations, or both. The division was able to attract three new senior staff with significant experience.

Recommendation 10

To enable the Independent Electricity System Operator Market Assessment and Compliance Division (Oversight Division) to conduct thorough and effective

investigations, we recommend that the Ministry of Energy give the Oversight Division explicit legislative authority under the *Electricity Act* to compel information and evidence in the course of its investigations.

Status: In the process of being implemented.

Details

We found in our 2017 audit that the IESO Oversight Division had no explicit legislative authority to compel the subjects of its investigations to provide information. This meant that there was no way of ensuring that its investigations uncovered complete information about rule violations committed by market participants that could result in more appropriate penalties for those violations. In contrast, the *Electricity Act, 1998* empowered the OEB Panel to compel the subjects of its investigations to provide information. This meant that the panel could obtain complete evidence to determine the full extent of market participants' behaviour. However, the panel was not empowered to sanction or fine the market participants its investigations. It could refer matters to the IESO Oversight Division.

In our follow-up, we found that the Ministry's work to assess the allocation of roles, responsibilities and powers within Ontario's market oversight structure was ongoing as part of the Ministry's plan to reform the OEB's structure, discussed in **Recommendation 3**. As the OEB Panel and the IESO Oversight Division both played a role in investigations into market participant behaviour, the Ministry was developing options for an effective allocation of investigatory powers. These options would take into account the upcoming structural changes underway to reform the OEB's governance structure in amendments made to the *Ontario Energy Board Act, 1998*. The Ministry was working with the IESO to identify any required improvements to the oversight structure, including the potential need for additional authority for the IESO Oversight Division, and would continue to develop options for consideration. The Ministry was not able to tell us when it expected to complete this work.

Recommendation 11

To ensure that the Independent Electricity System Operator Market Assessment and Compliance Division (Oversight Division) can conduct proper oversight of the market, we recommend that the Independent Electricity System Operator replace the Oversight Division's computer system as soon as possible.

Status: Fully implemented.

Details

We found in our 2017 audit that the IESO Oversight Division used a computer system developed in 2003 that no longer supported their oversight activities. The system lacked the basic functions needed to analyze trends in the information it contained, was prone to freezing, and staff were unable to enter fines issued to generators if the fine amounts were more than five digits. In the absence of a sufficiently functional computer system, division staff manually tracked and analyzed some market activity information in spreadsheets. But due to lack of resources, these spreadsheets were not always updated and the updates, entered manually, were prone to errors.

In our follow-up, we found that the Oversight Division had procured a new computer system to support its enforcement work. The new system was installed in December 2017, and had been used since then to support all market enforcement investigations.

Oversight Division Not Independent of the IESO

Recommendation 12

To strengthen independence of the Independent Electricity System Operator Market Assessment and Compliance Division (Oversight Division), we recommend that the Independent Electricity System Operator change the Oversight Division's reporting structure.

Status: Fully implemented.

Details

We found in our 2017 audit that the IESO Oversight Division was not fully independent from the IESO, because the IESO's senior management was involved in the division's activities and operations. For example, we found that senior management was involved in negotiating a settlement with a generator to recover ineligible overpayments found in audits of the Standby Cost Recovery Program. The IESO's CEO was responsible for approving the division's budgets and approving any budget increases. The division was empowered to investigate not only market participants for rule violations, but also the IESO itself. This made it critical for the division to operate independently of the IESO.

In our follow-up, we found that on December 6, 2017, the IESO Board of Directors passed a resolution that changed the IESO Oversight Division's reporting structure. The division now reports directly to the Human Resources and Governance Committee of the IESO Board. This committee is now also responsible for the Oversight Division Director's performance evaluation.

The IESO Lacks Dedicated Cybersecurity Resources

Recommendation 13

To strengthen its cybersecurity governance, we recommend that the Independent Electricity System Operator (IESO) create a senior-level position for cybersecurity and establish a formal reporting process to both IESO executives and the IESO Board of Directors.

Status: Fully implemented.

Details

We found in our 2017 audit that the IESO did not have a designated senior executive responsible for cybersecurity. Comparable organizations that follow best practices such as Hydro One, and grid operators in New York, New England, and California, had a dedicated senior executive solely responsible for reporting cybersecurity matters to senior executives and the Board of Directors.

In our follow-up, we found that the IESO had created and filled a Chief Information Officer (CIO) role in March 2018. The CIO reports directly to the IESO CEO and provides a strategic cybersecurity update to the IESO Board of Directors twice a year.

Recommendation 14

To ensure there are sufficient cybersecurity resources in place to respond to cyberattacks, we recommend that the Independent Electricity System Operator (IESO) increase the number of cybersecurity staff to the recommended level of seven and/or engage an external IT cybersecurity vendor to be on standby.

Status: Fully implemented.

Details

We found in our 2017 audit that the IESO had four cybersecurity staff, and that this complement had not increased in the past decade. However, over this same period, IESO staff had almost doubled in number, and cyberattacks had become more sophisticated and frequent. Two external consultants, who conducted reviews of the IESO's IT environment in 2015 and 2016, both recommended that the IESO should have at least seven dedicated cybersecurity staff.

In our follow-up, we found that the IESO had increased the total number of staff allocated to the cybersecurity team to eight in 2018, and had plans to add an additional three positions in late 2019, for a total of 11. In June 2018, the IESO also retained the services of an external cybersecurity service provider for 24/7 operational cybersecurity support.

Recommendation 15

To reduce cybersecurity risk and to prevent potential costly IT project redesigns, we recommend that the IT department of the Independent Electricity Sector Operator (IESO) involve its cybersecurity staff in the early stages of all IT projects that could pose cybersecurity risks.

Status: Fully implemented.

Details

We found in our 2017 audit that the IESO did not have an independent cybersecurity department with clearly defined roles and responsibilities. This would ensure that security is at the forefront of all IT project planning, reducing cybersecurity risks. IT project managers are responsible for deciding whether and when to involve cybersecurity staff in IT planning. We found that in a number of instances, project managers involved cybersecurity staff only in the later stages of a project. This increased the risk that the IESO could be more vulnerable to an attack if something was missed, or that costly redesigns would be necessary when cybersecurity staff identified an issue at a late stage of a project.

In our follow-up, we found that the IESO had involved its cybersecurity staff in 25 IT security projects since we issued our report. At the beginning of a project, the project manager uses a checklist to plan for appropriate cybersecurity actions. The checklist involves completing a cybersecurity risk assessment including an initial vulnerability scan to be performed on new hardware, software, and cloud services, for example. From the list of 25 projects, we selected and reviewed documentation for three projects and found that IT security staff were engaged to ensure that the new IT systems or solutions deployed met information security standards.

No Centralized Control and Monitoring of User Access

Recommendation 16

To reduce the cybersecurity risk of the Independent Electricity System Operator (IESO), we recommend that the IESO procure technology that prevents and identifies breaches of confidential information and monitors staff access to confidential information in real time.

Status: Fully implemented.

Details

We found in our 2017 audit that the IESO's cybersecurity staff did not monitor the real-time activities

of privileged IT users that would allow them to trigger alerts for unusual behaviour. About 14% of IESO employees had privileged-user access, meaning that they had almost unrestricted freedom to access any part of the computer system or network. Privileged users could abuse their authority and hack a system, or a hacker could try to steal the privileged user's log-in credentials and use them to launch a cyberattack.

In our follow-up, we found that in January 2018, the IESO upgraded its cybersecurity systems. The IESO is now able to monitor the activities of privileged users in real time for any unusual behaviour, which would trigger an alert.

No Cybersecurity Policy for External Vendors

Recommendation 17

To reduce the cybersecurity risk of the Independent Electricity System Operator (IESO), we recommend that:

- *the IESO establish an external vendor cybersecurity policy;*

Status: Fully implemented.

Details

We found in our 2017 audit that the IESO did not have a strong, uniform policy that required external vendors providing specialized IT services to maintain high security standards with IESO log-in credentials. This increased the risk of log-in credentials being stolen and used by hackers to attempt a cyberattack. Also, the cybersecurity staff did not review contracts or assess the security risk of external vendors on an ongoing basis.

In our follow-up, we found that in August 2019, the IESO has established a new external vendor cybersecurity policy and began conducting formal security risk evaluations, which includes review of log-in credentials.

- *the cybersecurity team conduct a regular assessment of the security risk that external vendors pose to the IESO.*

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

Details

In our follow-up, we found that the IESO began conducting a regular assessment of the security risk that external vendors pose to it. In February 2019, the IESO started a security assessment of its cloud vendors and told us that it plans to conduct a security risk assessment of all other types of external vendors by December 2021.

Backup Tapes Not Adequately Protected

Recommendation 18

To ensure that backup tapes are adequately protected and available when needed, we recommend that the Independent Electricity System Operator (IESO):

- *properly encrypt all backup tapes; and*
- *store them in a secure off-site location.*

Status: No longer applicable.

Details

We found in our 2017 audit that the IESO's storage policies for its system backup information could be improved. The backup tapes the IESO used to store system backup information were not encrypted. This meant that anyone accessing the tapes could access the information. Also, some backup tapes were stored onsite. If the IESO's location were to sustain physical damage, the tapes could be damaged. As a result, it would take the IESO longer to recover from a potential attack or natural disaster.

In our follow-up, we found that the IESO no longer used tapes to back up its data. Instead, the IESO transmitted all system backup information through a dedicated secured connection to an off-site secured storage.

Chapter 1

Ministry of Health

Section 1.07

Laboratory Services in the Health Sector

Follow-up on VFM Section 3.07, 2017 Annual Report

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the 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	3	2	1			
Recommendation 5	4		2	2		
Recommendation 6	3		3			
Recommendation 7	2		1			1
Recommendation 8	3	1	2			
Recommendation 9	2		2			
Recommendation 10	2		2			
Recommendation 11	1	1				
Recommendation 12	1			1		
Total	25	7	13	4	0	1
%	100	28	52	16	0	4

Overall Conclusion

As of October 31, 2019, the Ministry of Health (Ministry) had fully implemented 28% of actions we recommended in our 2017 Annual Report, such as establishing a process to regularly assess and update the price list for community laboratory services; implementing a process to regularly identify

potential unnecessary laboratory tests; and identifying underserved areas for community specimen collection centres.

The Ministry has made progress in implementing an additional 52% of the recommendations, such as working with Local Health Integration Networks to encourage hospitals to adopt consistent laboratory test ordering guidelines; establishing regional targets to monitor and

assess the availability and accessibility of community specimen collection centres; conducting an analysis of the costs and benefits of moving toward a regional laboratory system; and establishing standard performance targets and measures for community and hospital laboratories.

However, the Ministry has made little progress on 16% of the recommendations, which include analyzing the capabilities and responsibilities of different types of laboratory service providers (community, hospital and Public Health Ontario) to determine if any changes are needed with respect to the types of tests each provider performs and evaluating the existing provincial capacity and funding for genetic testing to determine whether they are sufficient to meet the growing demand.

One of the recommendations, related to assessing the costs and benefits of short-term versus long-term performance-based contracts with community laboratory service providers, is no longer applicable.

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

Background

Laboratory services involve the collection, testing and analysis of a patient's specimen (such as blood, urine or stool) for health-care professionals to make decisions on the diagnosis and treatment of their patients. Various studies note that laboratory tests inform and guide over 70% of medical decisions.

Ontario has about 400 specimen collection centres where specimens are collected from patients, and about 200 laboratories where the collected specimens are analyzed. In 2017/18, the Ministry of Health and Long-Term Care (Ministry) spent about \$1.9 billion (\$2.0 billion in 2015/16) funding about 270 million tests (260 million in 2015/16) performed by:

- community laboratories (operated by private companies);

- hospital laboratories;
- health-care professionals (mainly physicians) who perform tests in their own offices; and
- Public Health Ontario laboratories.

Health-care professionals are responsible for ordering laboratory tests for their patients. Once the specimens are collected from patients, they are sent to a laboratory for analysis. In addition to community and hospital laboratories, Public Health Ontario laboratories also perform testing for infectious diseases, such as HIV and hepatitis.

Our audit in 2017 found that laboratory services were generally provided to Ontarians safely, and accurate laboratory tests results were generally provided to health-care professionals in a timely manner. However, there were several areas relating to cost-effectiveness, accessibility, and performance measurement and reporting of laboratory services that needed improvement.

The following were some of our significant observations:

- The Ministry had not made any major updates to its price list (which is the price it pays to community laboratories for each test they perform) since 1999. It planned to implement a new price list in 2017/18. If this new price list had been in effect in 2015/16, the Ministry would have paid community laboratories \$39 million less that year.
- The Ministry had not regularly evaluated whether currently uninsured tests, such as CA 125, used to measure the amount of protein cancer antigen in a patient's blood, should be funded, even though many of these tests have become more widely accepted as medically necessary and are often funded by other provinces.
- The Ministry's actions to reduce unnecessary testing, such as Vitamin D testing, did not result in effective or sustainable long-term reductions in testing.
- The Ministry's strategy for genetic testing resulted in costly out-of-country testing. Between 2011/12 and 2015/16, the Ministry

paid over US\$120 million related to over 54,000 specimens sent out of the country. While the cost to perform some genetic tests would be cheaper if these tests were done in the province instead of out of country, the Ministry's strategy to increase in-province genetic testing was still preliminary.

- The Ministry had not regularly reviewed billings by physicians who performed laboratory tests on their patients. We identified 120 family and general practice physicians with large test volumes and billings. The 15 with the highest billings each performed between about 75,000 and 182,000 tests, and billed between about \$600,000 and \$1.4 million in 2015/16 (about 128 to 300 times the average billings of a typical family and general practice physician). The Ministry had performed only a limited number of reviews to verify the accuracy of these billings.
- Physicians did not require a licence to perform in-office laboratory testing and were not required to participate in the province's quality management program. This was raised as a concern in our 1995 and 2005 audits, as well as in external studies, but the Ministry had taken no action over the past two decades.

We made 12 recommendations, consisting of 25 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, 2019 and August 1, 2019. We obtained written representation from the Ministry of Health (Ministry) that effective October 31, 2019, it provided us with a complete update of the status of the

recommendations we made in the original audit two years ago.

Overpayments to Community Laboratories

Recommendation 1

To ensure that payments made to community laboratory service providers are reasonable, we recommend that the Ministry of Health and Long-Term Care (Ministry):

- *establish a process to regularly assess and update the price list for community laboratory services based on actual community laboratory cost data and input from industry experts;*

Status: Fully implemented.

Details

In our 2017 audit, we found that while technological advancements led to significant automation and cost reduction for many laboratory tests, the Ministry had not made any major updates to its price list (which defines the type and price of each test that the Ministry pays community laboratories to perform) since 1999.

In our follow-up, we found that in July 2019, the Ministry finalized a manual, called *Policy, Process, and Procedures for Managing the Schedule of Benefits for Laboratory Services*. The purpose of this manual is to guide the Ministry's decision-making and to ensure that the Ministry regularly assesses and updates the price list for insured community laboratory services. The Ministry has established processes for updating the price list.

In October 2018, the Ministry also established a Test Review and Utilization Committee (TRUC), which is composed of industry experts. The Ministry will continue to engage with the TRUC to gather cost data sources that will help them assess the laboratory sector's price list. At the time of our follow-up, five meetings with the TRUC had been held since October 2018, and the Ministry had scheduled two more meetings to be held in fall 2019.

- regularly collect and assess cost information from community laboratory service providers to ensure the amount paid by the Ministry is based on relevant information.

Status: Fully implemented.

Details

In our 2017 audit, we found that the Ministry planned to update its price list for 2017/18, but the draft new price list was not based on actual cost data from all community laboratory service providers in Ontario. This was because the Ministry did not have access to any financial information from community laboratory service providers under the fee-for-service arrangement with the providers.

In our follow-up, the Ministry indicated that this recommendation will not be implemented because the community laboratory service providers, which are private corporations, are not obligated to provide cost information to the Ministry. During their negotiations to establish a Transfer Payment Agreement with the Ministry, community laboratory service providers did not agree to share their cost information.

We noted, however, that the Ministry had taken action to address our recommendation. Instead of collecting cost information from the community laboratories directly, the Ministry was planning to obtain the information from other sources, such as through the Test Review and Utilization Committee (TRUC) and from its own research.

Fragmented Management of Laboratory Sector

Recommendation 2

To ensure that laboratory services are appropriately funded and performed effectively and efficiently to meet patient needs, we recommend that the Ministry of Health and Long-Term Care analyze the capabilities and responsibilities of different types of laboratory service providers (community, hospital and Public Health Ontario) to determine if any changes are needed with respect to the types of tests each provider

performs and, accordingly, the amount of funding each provider receives.

Status: Little or no progress.

Details

We found in our 2017 audit that some interrelationships existed between different types of laboratory service providers—for example, hospital laboratories may refer complex tests for infectious diseases to Public Health Ontario laboratories. Nevertheless, the Ministry had not done any analysis to determine whether laboratory services were provided to Ontarians efficiently and effectively, in a cohesive manner, to meet patient needs and to save overall health system costs.

In our follow-up, we found that the Ministry had not analyzed the capabilities and responsibilities of different types of laboratory service providers to determine whether any changes were needed regarding the types of tests each provider performs and the amount of funding each provider receives. While the Ministry had not completed a full review of the hospital and public health laboratory sector, it had begun work on one by first focusing on modernizing the community laboratory sector and other insured laboratory programs (such as colorectal cancer screening).

As mentioned in action item two of **Recommendation 1**, the Ministry considered a business case to engage a consultant with expertise in laboratory sector systems, processes and pricing. At the time of our follow-up, the Ministry was reviewing alternate approaches to address this recommendation.

No Regular Review of Medically Necessary Tests

Recommendation 3

To ensure that Ontarians are able to access and pay fair prices for the medically necessary laboratory tests they require, we recommend that the Ministry of Health and Long-Term Care analyze the current list of uninsured tests in Ontario (particularly those identified by the consulting firm it engaged) to determine

the medical appropriateness of these tests and how these tests are funded in other jurisdictions, and to formally decide whether to fund any of these tests and at what prices.

Status: Fully implemented.

Details

In our 2017 audit, we found that in 2015/16, health-care professionals in Ontario ordered about 1.1 million laboratory tests that were not funded by the Ministry. Patients generally had to pay community laboratory service providers for these uninsured tests out-of-pocket or through their private insurance. The Ministry had not regularly evaluated whether these uninsured tests should be funded, even though many of these tests have become more widely accepted as medically necessary and have been funded by other provinces.

In our follow-up, we found that the Ministry has established a process for analyzing the current list of uninsured tests in Ontario to decide whether to fund any of them. As mentioned in **Recommendation 1**, in October 2018, the Ministry established a Test Review and Utilization Committee (TRUC), which is composed of industry experts. The TRUC provides advice to the Ministry's Laboratories and Genetics Branch on the clinical utility, validity and value of new and existing laboratory tests. The TRUC will continue to review potential new tests for addition to the Schedule of Benefits for Laboratory Services (Schedule). The Ministry will request feedback from stakeholders and the TRUC on adding new tests to the Schedule in order to determine whether any new tests should be funded by the Ontario Health Insurance Plan (OHIP).

More Action Needed to Reduce Unnecessary Testing

Recommendation 4

To ensure that the use of unnecessary tests is effectively managed, we recommend that the Ministry of Health and Long-Term Care:

- *implement a process to regularly identify potential unnecessary laboratory testing by monitoring test volume increases, requesting unusual test ordering patterns from laboratory service providers, and reviewing academic research studies available in the field;*

Status: Fully implemented.

Details

In our 2017 audit, we found that the Ministry's actions to reduce unnecessary testing, especially relating to vitamin D testing and aspartate aminotransferase (AST) testing (usually used to identify liver damage), did not result in effective or sustainable long-term reductions in testing. Ontario studies found that both of these tests were being ordered in situations where the result was not useful in improving the health of a patient.

In our follow-up, we noted that the Ministry and community laboratories had agreed on establishing a number of working committees in spring 2019 to discuss matters related to laboratory services, which include implementing a process to regularly identify unnecessary laboratory testing. The following actions, as mentioned in **Recommendation 1**, will also address this recommendation:

- In October 2018, the Ministry established a Test Review and Utilization Committee (TRUC), which is composed of industry experts. The TRUC provides advice and input to the Ministry's Laboratories and Genetics Branch on the clinical utility, validity and value of new and existing laboratory tests. The TRUC also provides advice on the appropriate use of laboratory testing. At the time of our follow-up, five meetings had been held since October 2018, and two more meetings had been scheduled to be held in fall 2019. Ongoing meetings with the TRUC will help the Ministry identify potential unnecessary laboratory testing.
- In July 2019, the Ministry finalized a manual called *Policy, Process, and Procedures for Managing the Schedule of Benefits for Laboratory*

Services. One of the policy statements of the manual is to ensure that “insured laboratory services are provided only when medically appropriate. Test volumes are monitored for unnecessary testing.” The Ministry has implemented a new process relating to this policy. Following this process, the Ministry retrieved data on AST testing and analyzed it with the TRUC. As a result, the Ministry sent notices to 118 corporations with 143 laboratory hospital sites regarding inappropriate AST testing and asked them to submit plans for correcting their practices.

- *establish a process to regularly revise and improve the existing test ordering guidelines and restrictions to eliminate or reduce unnecessary tests;*
Status: Fully implemented.

Details

In our 2017 audit, we found that the Ministry set guidelines on when a laboratory test could be ordered by a health-care professional in an effort to reduce unnecessary testing. However, it was up to health-care professionals and community laboratory service providers to follow those guidelines.

In our follow-up, we found that the Ministry was establishing a process to regularly revise and improve test ordering guidelines and restrictions to eliminate or reduce unnecessary tests. As mentioned in **Recommendation 1**, the Ministry finalized a manual called *Policy, Process, and Procedures for Managing the Schedule of Benefits for Laboratory Services*. The manual specifies processes for developing test ordering guidelines and restrictions to eliminate or reduce unnecessary tests. The manual also includes a process to enforce adherence to these guidelines and restrictions. The Ministry is now using the clinical expertise of the Test Review and Utilization Committee (TRUC), mentioned in **Recommendation 1**, to help develop and update these guidelines and restrictions.

- *work with Local Health Integration Networks to encourage hospitals to adopt consistent laboratory test ordering guidelines.*

Status: In the process of being implemented by December 2020.

Details

In our 2017 audit, we found that the Ministry and Local Health Integration Networks (LHINs) did not require hospitals to have laboratory test ordering guidelines or initiatives. Such guidelines would help to ensure that hospital funding was used to perform only necessary laboratory tests.

In our follow-up, we found that, since November 2018, the Ministry’s Laboratories and Genetics Branch has engaged other branches within the Ministry to encourage the LHINs and hospitals to adopt consistent laboratory test ordering guidelines. The outcome of initial discussions among different branches was favourable and the Ministry had prepared to distribute test ordering guidelines to the LHINs and hospitals. The Ministry had also received early interest from several LHINs (including Champlain, Waterloo Wellington, Toronto Central and Hamilton-Niagara-Haldimand-Brant) to analyze data and physician ordering patterns within their regions. The Ministry will continue to work with the LHINs on the implementation of this recommendation while the transition to Ontario Health continues.

In addition, the Ministry has been working with the Institute for Quality Management in Health-care (Institute) on updating the accreditation requirements checklist under the Institute’s quality management program. Part of the accreditation requirements checklist will include managing laboratory test ordering and use. The accreditation requirements checklist is scheduled to be published in December 2020.

Inadequate Strategy for Genetic Testing Results in Costly Out-of-Country Testing

Recommendation 5

To ensure that genetic testing is provided to Ontarians appropriately and cost-effectively in a timely manner, we recommend that the Ministry of Health and Long-Term Care:

- evaluate the existing provincial capacity and funding for genetic testing to determine if they are sufficient to meet the growing demand for genetic testing and genetic counsellors;

Status: Little or no progress.

Details

In our 2017 audit, we found that the Ministry had not kept up with the growing demand for genetic testing. Ontario's medical system had lagged in investment, infrastructure and development of expertise in this area. As a result, many genetic tests had been sent out-of-country, at a significant expense to the Ministry.

In our follow-up, we found that the Ministry had not evaluated the existing provincial capacity and funding for genetic testing. The Ministry indicated that such an evaluation requires a comprehensive review of the current system first, including gathering data on test costs; however, this review had not yet started at the time of our follow-up. The Ministry was considering engaging a consultant with expertise in laboratory operations and test costing, and was planning to then begin an evaluation of the current state and provincial capacity for genetic testing using available data. The Ministry was also considering reviewing alternate approaches to address this recommendation.

While the Ministry has not evaluated the existing provincial capacity and funding for genetic testing, the Ministry indicated that it had taken some action to address the growing demand for genetic testing, by for example:

- continuing to implement the recommendations by the former Genetic Testing Advisory

Committee and other expert working groups (such as the Rare Disease Working Group and the Epilepsy Genetic Testing Criteria Working Group) to develop criteria that aid clinicians in determining the appropriateness and benefits of genetic testing for patients;

- participating as an ex officio member of the Ontario Genetics Advisory Committee at Health Quality Ontario to help ensure that best available evidence and relevant economic analyses are used in funding decisions for new genetic tests; and
- evaluating the out-of-country claims data to determine which genetic tests have the highest volumes and costs and which may be most appropriate for establishing in Ontario.
- analyze the costs and benefits of current genetic testing providers to determine the most appropriate provider of each genetic test for Ontarians;

Status: Little or no progress.

Details

In our 2017 audit, we found that while community laboratory service providers were capable of performing genetic testing, the Ministry prohibited them from performing these tests, except for three specific cases: non-invasive prenatal testing, tuberous sclerosis testing and retinoblastoma testing (to detect a form of eye cancer).

In our follow-up, we found that the Ministry had not analyzed the costs and benefits of current genetic testing providers to determine the most appropriate provider of each genetic test for Ontarians. The Ministry indicated that before doing such an analysis, an operational review of the current genetic test providers is required. However, such a review has not yet started. The Ministry informed us that it will begin to develop a list of genetic test providers and analyze the current genetic tests available in Ontario.

- *continue to process out-of-country genetic testing applications within turnaround time targets to prevent recurrence of a backlog;*

Status: In the process of being implemented by December 2020.

Details

At the time of our audit in June 2017, we found that the Ministry took, on average, 48 business days to process most out-of-country applications for genetic testing, significantly longer than its 14 business-day target. Following our audit fieldwork in July 2017, the Ministry eliminated this backlog by hiring additional staff and streamlining its process.

In our follow-up, we found that the Ministry had met the turnaround time target for processing out-of-country genetic testing applications. The Ministry indicated that it implemented several initiatives to avoid future backlogs. Examples of the initiatives include:

- In spring 2018, the Ministry's Laboratories and Genetics Branch requested the Ministry's Business Innovation Office (Office) to assess the future operations of the program that provides prior approval for out-of-country and out-of-province laboratory and genetics testing. In July 2018, the Office issued recommendations, such as simultaneous electronic editing and tracking of applications; clarifying and sharing eligibility criteria with physicians; introducing an electronic application process; and producing weekly or monthly reports for managers to stay abreast of the trends of applications. The Ministry plans to implement the Office's recommendations by December 2020.
- In spring 2018, the Ministry's Laboratories and Genetics Branch sought approval for hiring additional administration support for out-of-country and out-of-province claims due to the high volume of applications. While the additional staffing was not approved, the Ministry said it is adjusting internal staffing to provide support until the additional position is approved.

The Ministry will also continue to look at opportunities to patriate genetic testing in Ontario in order to reduce out-of-country applications.

- *work with Local Health Integration Networks and hospitals to develop provincial wait-time targets for genetic counsellor services, regularly measure actual wait times against these targets, and take corrective action if the targets are not met.*

Status: In the process of being implemented by December 2020.

Details

In our 2017 audit, we found that the Ministry had not measured and monitored whether patients had access to counselling services for genetic testing on a timely basis. As a result of the growing demand for genetic testing, patients had experienced long wait times to see genetic counsellors.

In our follow-up, we found that since November 2018, the Ministry's Laboratories and Genetics Branch had been having conversations with its Ministry counterparts on genetic counsellors, and had met with other branches within the Ministry relating to the LHINs and hospitals to raise awareness of the importance of setting and measuring wait time targets for genetic counsellor services. The Ministry will continue to work with the LHINs on the implementation of this recommendation while the transition to Ontario Health continues.

The Laboratories and Genetics Branch plans to have further discussions with other Ministry divisions by December 2020.

More Effort Needed to Improve Underserved Areas of Community Laboratory Services

Recommendation 6

To ensure that Ontarians have timely access to community laboratory services, we recommend that the Ministry of Health and Long-Term Care:

- *establish regional targets to monitor and assess the availability and accessibility of community specimen collection centres;*

Status: In the process of being implemented by December 2020.

Details

In our 2017 audit, we found that the Ministry had not established a provincial target for the availability of collection centres across the province. It had only set a target for rural areas: 90% of rural Ontarians are to be within a 30-minute drive of a collection centre. Although the Ministry met this target for rural areas, it did not consider the differences in capacity (such as operating hours or the number of blood-drawing chairs) that could affect how many patients the collection centres could serve.

In our follow-up, we found that the Ministry had not established regional targets to monitor and assess the availability and accessibility of community specimen collection centres. However, the Transfer Payment Agreement between the Ministry and community laboratories includes a requirement that community laboratories submit a report called Access and Specimen Collection. The report provides the Ministry with data on specimen collection centres' access points and their availability during the week (such as hours of operation).

The Ministry's Laboratories and Genetics Branch was planning to develop a methodology to first measure the accessibility of community specimen collection centres with the help of other Ministry counterparts with expertise in geographical information systems and to discuss the development of methodology. The Laboratories and Genetics Branch indicated that it would continue to work with its Ministry counterparts to establish data collection processes and data storage, and develop regional targets related to such data.

The Laboratories and Genetics Branch also indicated that it will review the opening and closing hours of specimen collection centres (which are access points for laboratory services) and the results from its Health Care Experience Survey

(given by telephone to Ontarians aged 16 years and older) as sources of information to consider for the development of regional targets for access to laboratory services.

- *collect and analyze the operating hours, locations and distribution of community specimen collection centres on a regular basis (such as annually);*

Status: In the process of being implemented by June 2020.

Details

In our 2017 audit, we found that the Ministry did not collect useful information on collection centre capacity (such as operating hours or the number of blood-drawing chairs) throughout the province. Without this information, it was not clear whether the Ministry's actions had resulted in the appropriate availability of community laboratory services across the province, especially in underserved areas.

As mentioned in the action item above, the Ministry requires community laboratories, as part of their Transfer Payment Agreement, to submit a report called Access and Specimen Collection, which provides the Ministry with data on specimen collection centres' access points and their availability during the week (such as hours of operation). The Ministry has been working on developing a template for the report by June 2020. The Transfer Payment Agreement also includes specific provisions that address patient access in hard-to-serve regions and high-needs areas. The Ministry's Laboratories and Genetics Branch indicated that it will continue to work with other branches within the Ministry to establish data collection processes and data storage, and develop regional targets related to such data.

- *identify underserved areas for community specimen collection centres and take corrective action.*

Status: In the process of being implemented by June 2020.

Details

In our 2017 audit, we found that Ontario had relatively fewer specimen collection centres than other provinces. The collection centre rate (including both hospital and community collection centres) per 100,000 people in Ontario had been low in comparison with other jurisdictions.

In our follow-up, we found that as part of developing its Northern Rural Laboratory Services Strategy (Strategy), the Ministry engaged a consultant to assess laboratory services in northern rural Ontario. The goals of this assessment include reviewing the current state of laboratory services in northern rural Ontario—including laboratory infrastructure, technologies, partnership relations, and funding for community laboratory services—as well as identifying the strengths and improvement opportunities for community laboratory services in that region. Recognizing that a one-size-fits-all solution is not workable in northern rural Ontario, the Ministry and the consultant took the following actions between October 2017 and March 2018:

- conducted two surveys with all 36 hospitals in the North East LHIN and North West LHIN to assess the current state of laboratory services and to determine the volume of community laboratory tests done by hospitals;
- met with the Small, Rural and Northern Provincial Leadership Council of the Ontario Hospital Association; and
- held several in-person consultations with the LHINs and hospitals.

In April 2019, the consultant submitted the final report to the Ministry. The report concluded that “in communities that are not served by a community laboratory provider, hospitals provide a designated ‘outpatient’ collection service ... 96% of the population in northern rural Ontario is within a 30-minute drive of its specimen collection centres.” Therefore, instead of focusing on access to specimen collection centres, the Ministry indicated that a practical definition of access in northern rural Ontario must also include access to testing facilities, efficient and cost-efficient transportation

of specimens, timely results, and effective communication of results to the primary care physician, hospital and patient.

The Ministry informed us that it will continue to explore these issues in developing the Strategy through additional consultations with stakeholders. The Ministry also had further discussions with the consultant during the first quarter of 2019, seeking clarifications on some of the content provided in the report.

Inadequate Oversight of Community Laboratory Services

Recommendation 7

To ensure that community laboratory service providers operate effectively and efficiently and bill accurately for tests actually performed, we recommend that the Ministry of Health and Long-Term Care:

- assess the costs and benefits of short-term versus long-term (recommended by the Laboratory Services Expert Panel in 2015) performance-based contracts with community laboratory service providers;

Status: No longer applicable. A different assessment will be conducted.

Details

In our 2017 audit, we found that the Ministry had not consistently tied its payments to community laboratory service providers to their performance because the Ministry had not established and tracked useful performance measures to monitor the community laboratory sector.

In our follow-up, we found that this recommendation was no longer applicable because the Ministry had already executed a Transfer Payment Agreement for insured laboratory services with each of the seven community laboratory service providers. The term of each agreement is six years, with the ability to negotiate toward the end of the term for amendments or a new agreement.

The Ministry is currently in the third year of the six-year agreement. The Ministry said it is not considering changes currently to the term or other provisions in the agreement, but will revisit options at a date closer to the end of the agreement (in March 2023).

- *reinstate periodic reviews of community laboratory service providers to verify that the laboratory tests they billed were actually performed.*

Status: In the process of being implemented by December 2020.

Details

In our 2017 audit, we found that the Ministry used to conduct audits of community laboratories to verify that the tests they performed and billed were supported by signed physicians' requisitions. However, it stopped conducting these audits in 2013.

In our follow-up, we found that the Ministry's Transfer Payment Agreement with each community laboratory service provider includes an audit and inspection provision related to funding and activities performed. The Ministry is currently in the third year of a six-year agreement. The Ministry said it will begin a process for spot checking and audits in 2020.

The Ministry's Laboratories and Genetics Branch had also begun investigating issues relating to billings and worked with the Health Services Branch on how to communicate with community laboratories about these issues.

The Laboratories and Genetics Branch, which is also part of the Ministry's internal Fraud Control Working Group, plans to develop a process for audit and periodic reviews of community laboratory service providers to verify billings, and develop a process for fraud control by the end of 2020.

Inadequate Oversight of Physicians' In-Office Laboratory Testing

Recommendation 8

To ensure that billings by physicians for their in-office testing are accurate and physicians are performing these tests properly, we recommend that the Ministry of Health and Long-Term Care:

- *identify and collect information on physicians' practices with high volumes of in-office testing and high billing amounts related to these tests, on an ongoing and timely basis;*

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

Details

In our 2017 audit, we found that physicians could perform point-of-care tests that are generally simple to do (such as urine dipstick tests that detect pregnancy and abuse of drugs). However, the Ministry did not check the accuracy of all physicians' billings related to performing these tests, including those who billed much higher than the average physician for in-office laboratory testing.

In our follow-up, we found that the Ministry's Laboratories and Genetics Branch had analyzed testing volumes and billing for certain tests to identify potential savings. The Ministry's Health Services Branch had also initiated provincial reviews to investigate billing patterns and outliers of an individual or group of physicians that warrant a detailed review. This is an ongoing process and may include physicians who have a pattern of high billings for certain services. The Ministry was drafting proposals for changes to the post-payment review and education processes of physicians to address this recommendation by March 2020.

- *investigate physicians whose billings related to in-office testing are not supported by the information collected;*

Status: Fully implemented.

Details

In our 2017 audit, we found that between 2011/12 and 2015/16, the Ministry only reviewed the billings related to eight of the 120 family and general practice physicians who billed much higher than the average physician for in-office laboratory testing. The Ministry collected some information during these reviews to understand the size of the physicians' practices. However, in the majority of cases, the Ministry did not collect details on the size of top-billing physicians' practices to determine whether they accurately billed for laboratory testing provided to their patients or whether they possibly billed the Ministry inappropriately for laboratory testing not performed.

In our follow-up, we found that since January 2018, the Ministry investigated 91 physicians whose billing had an in-office laboratory testing component. For each of these investigations, the Ministry did not identify any inappropriate billing related to laboratory testing. In addition, the Ministry had not received any notice of possible inappropriate billing specifically related to in-office laboratory testing since January 2018, and therefore had not opened any post-payment reviews for this type of billing.

- *implement quality assurance requirements for laboratory tests done in physicians' offices.*
Status: In the process of being implemented by December 2020.

Details

In our 2017 audit, we found that physicians were still not required to be licensed by the Ministry to perform laboratory services as reported in our 1995 and 2005 audits on laboratory services. They continued to be exempt from participating in the quality management program, even though in 2015/16, physicians performed 10.6 million in-office tests.

In our follow-up, we found that the Ministry was considering an approach for implementing quality assurance requirements for laboratory tests done in physicians' offices. In November 2018, the Ministry

contacted the College of Physicians and Surgeons (College) to discuss a quality management program for laboratory tests done in physicians' offices. The College recommended that the Ministry send a formal letter to the College on this request. The College will then review whether it could be addressed as part of its priorities in 2019. The Ministry also plans to meet with the College on this request in order to address this recommendation by December 2020.

Inadequate Oversight of Laboratory Services Provided by Hospital Laboratories

Recommendation 9

To ensure that best practices are shared between hospital laboratories to improve the co-ordination and consistency of hospital laboratory services, we recommend that the Ministry of Health and Long-Term Care work with Local Health Integration Networks and laboratory service providers to:

- *conduct an analysis of the costs and benefits of moving toward a regional laboratory system;*
Status: In the process of being implemented by December 2020.

Details

In our 2017 audit, we found that while some hospitals worked together to develop regional laboratory networks that resulted in cost savings, this practice was not widely adopted across Ontario.

In our follow-up, we found that the Ministry had been working with the LHINs to consider conducting an analysis of the costs and benefits of moving toward a regional laboratory system. On February 6, 2019, the Ministry met with the LHIN CEOs to encourage them to consider undertaking a costs and benefits analysis of moving to a network model. The Ministry will continue to work with the LHINs on the implementation of this recommendation while the transition to Ontario Health continues.

- *establish guidelines for hospitals to determine the test prices they charge to each other.*

Status: In the process of being implemented by December 2020.

Details

In our 2017 audit, we found that hospitals could send laboratory testing to other hospitals if their equipment was down or if they found that it was not cost-effective to do the tests themselves. However, the Ministry did not provide any guidelines to ensure fair and reasonable prices were being charged to other hospitals. Therefore, hospitals were using inconsistent billing practices when providing laboratory services on behalf of other hospitals.

In our follow-up, we found that the Ministry had been working with the LHINs to establish guidelines for hospitals to determine the test prices they charge to each other. On February 6, 2019, the Ministry met with the LHIN CEOs to encourage them to consider establishing guidelines for hospitals to determine the test prices they charge to each other. The Ministry will continue to work with the LHINs on the implementation of this recommendation while the transition to Ontario Health continues.

No Consistent Performance Monitoring of Laboratory Service Providers

Recommendation 10

To ensure that the laboratory sector in Ontario is operating effectively and efficiently as well as providing value and timely services to Ontarians, we recommend that the Ministry of Health and Long-Term Care:

- *establish standard performance targets and measures for community and hospital laboratories, collect and analyze performance information from laboratories, and take corrective action if targets are not met;*

Status: In the process of being implemented by December 2020.

Details

In our 2017 audit, we found that the Ministry did not set provincial performance targets or collect performance information to measure, monitor and determine whether laboratory services were provided efficiently and in a consistent and timely manner across Ontario.

In our follow-up, we found that the Ministry had worked with the community and hospital laboratories to establish performance targets and measures and collect performance information.

For community laboratories, the Ministry established 11 key performance indicators as part of its Transfer Payment Agreement with each community laboratory service provider. Examples of these indicators include patient wait time, laboratory turnaround time, blood culture contamination rate and specimen rejection rate. Failure to meet these key performance indicators may result in penalties. The Ministry has implemented eight of these 11 indicators. The three remaining indicators to be implemented are patient satisfaction, physician satisfaction, and Ontario laboratory information system data completeness. The Ministry will start taking corrective action once all indicators have been implemented by December 2020.

For hospital laboratories, on February 6, 2019, the Ministry met with the LHIN CEOs to encourage them to consider establishing standard performance targets and measures, collecting and analyzing performance information from laboratories, and taking corrective action if targets are not met. The Ministry will continue to work with the LHINs on the implementation of this recommendation while the transition to Ontario Health continues.

The Ministry will also work with Health Quality Ontario by December 2019 in order to determine the feasibility of establishing province-wide performance targets for hospital laboratories.

- *set wait-time targets for specimen collection in hospitals (for out-patients) and community specimen collection centres, regularly collect and*

assess wait times, and take corrective action if targets are not met.

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

Details

In our 2017 audit, we found that the Ministry did not set wait-time targets and did not collect wait-time information to measure and monitor the length of time that patients had to wait to have their specimens collected at hospital or community collection centres. Therefore, the Ministry did not know whether the laboratories collected specimens within a reasonable amount of time.

In our follow-up, we found that under the Transfer Payment Agreements with the Ministry, the community laboratories are required to meet the patient wait-time target, which measures the amount of time to see at least 90% of patients in any time period. Starting in April 2020, the Ministry will tighten this target by changing it from 35 minutes to 30 minutes and require the community laboratories to submit a patient wait-time report on a monthly basis.

The Ministry had an initial discussion about wait times in hospitals with LHIN CEOs in February 2019. The Ministry will continue to work with the LHINs on the implementation of this recommendation while the transition to Ontario Health continues. As mentioned above, the Ministry will also work with Health Quality Ontario by December 2019 to determine the feasibility of establishing province-wide performance targets for hospital laboratories.

Inadequate Oversight of Quality Management Program

Recommendation 11

To ensure that the quality management program provides useful information to identify where the quality of laboratory services needs improvement across the province, we recommend that the Ministry of Health and Long-Term Care obtain and analyze appropriate

accreditation and proficiency test results from the Institute for Quality Management in Healthcare on a regular basis and evaluate if any additional corrective action is warranted.

Status: Fully implemented.

Details

In our 2017 audit, we found that the Ministry did not collect useful information to assess the results of the Institute for Quality Management in Healthcare's (Institute) quality management program on an ongoing basis. The Institute's quarterly and annual reports to the Ministry contained limited, high-level summary information on the Institute's quality management activities (such as the number of site assessment visits done by the Institute) as opposed to detailed information on how individual laboratories were performing (such as the number of issues the Institute found during assessment visits of laboratories or proficiency testing).

In our follow-up, we found that under the existing agreement between the Ministry and the Institute, the Ministry requires the Institute to submit quarterly reports on accreditation activity and assessment visits; accountability of proficiency testing (to ensure that laboratory processes provide accurate test results); and financial activity. The Ministry also receives reports that flag issues relating to licensing infractions and non-compliance.

The Ministry has implemented a one-year extension agreement with the Institute. The agreement has quarterly reporting requirements in place. At the time of our follow-up, the Ministry was currently pursuing having the Institute continue providing its services.

Areas of Improvement for Quality Management Program

Recommendation 12

To ensure that Ontario's quality management program continues to operate effectively in assessing the quality and accuracy of laboratory services provided by all licensed laboratories and specimen collection

centres in Ontario, we recommend that the Ministry of Health and Long-Term Care conduct an analysis of similar programs in other jurisdictions to identify best practices that can be implemented in Ontario (such as implementing more rigorous accreditation standards and performing unannounced accreditation assessment site visits).

Status: Little or no progress.

Details

In our 2017 audit, we found that while Ontario had a quality management program in place through the Institute for Quality Management in Healthcare (Institute), improvements could be made. These included moving to a more rigorous accreditation standard and performing unannounced site visits.

In our follow-up, we found that the Ministry had not conducted an analysis of similar quality management programs in other jurisdictions to identify best practices. However, as part of its proposed four-year new agreement with the Institute (discussed in the action item above), the Ministry plans to include a provision to carry out a value assessment of the Institute's work. The Ministry is considering options on how it will undertake an external review of the Institute, which may include engaging an external consultant, as well as planning to undertake a jurisdictional analysis of laboratory quality management programs in other provinces.

Chapter 1

Ministry of Education

Section 1.08

Ministry Funding and Oversight of School Boards

Follow-Up on VFM Section 3.08, 2017 Annual Report

RECOMMENDATION STATUS OVERVIEW						
	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	3	1	1	1		
Recommendation 2	1			1		
Recommendation 3	2			2		
Recommendation 4	2		2			
Recommendation 5	2		2			
Recommendation 6	1			1		
Recommendation 7	1		1			
Recommendation 8	1			1		
Recommendation 9	2			2		
Recommendation 10	1	1				
Recommendation 11	1			1		
Recommendation 12	1		1			
Recommendation 13	2	1			1	
Recommendation 14	1			1		
Recommendation 15	2		2			
Total	23	3	9	10	1	0
%	100	13	39	44	4	0

Overall Conclusion

As of October 2019, 13% of the actions recommended in our *2017 Annual Report* had been fully implemented, and an additional 39% of recommended actions were in the process of being implemented. Little progress had been made in implementing 44% of recommended actions, and 4% will not be implemented.

The Ministry of Education (Ministry) had fully implemented recommendations such as updating the benchmarks it uses in its funding formula for school boards, and reminding school boards of its expectation that they make best efforts to maintain class size limits throughout the school year. In addition, the Ministry instituted a new regulation requiring teachers to pass a mathematics proficiency test as a requirement for registration with the Ontario College of Teachers, on or after March 31, 2020.

The Ministry was also in the process of implementing recommendations to use more current census data to determine allocations for grants.

However, the Ministry had made little progress on regularly analyzing spending by individual boards with similar characteristics to identify areas where fiscal restraint or a review of expenditures is needed. It had also done little to implement a recommended action to design and conduct validation procedures to verify the use of restricted funds, and to audit enrolment numbers of specific groups of students.

The Ministry also indicated that it would not be implementing our recommendation to verify class sizes at select schools periodically during the year to ensure adherence to class-size restrictions.

The Ministry of Finance was developing oversight measures to verify the accuracy and completeness of Education Property Taxes received by school boards; the overall plan was approved in June 2019.

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

Background

The Ministry of Education funds 72 district school boards to provide elementary and secondary education to about 2 million students (as of the 2018/19 school year). Of the 72 school boards, 31 are English public, 29 are English Catholic, four are French public and eight are French Catholic. Collectively in the system, there are approximately 4,000 schools (4,590 in 2016/17), about 117,000 teachers, excluding long-term occasional teachers (113,600 in 2016/17), and about 7,400 administrators (7,300 in 2016/17).

The province shares responsibility with municipalities for funding school boards. In the 2018/19 school year, the Ministry and municipalities provided the boards with a combined total of \$25 billion (\$23 billion in 2016/17) in operating funding.

With respect to oversight of school boards' use of operating funds, the Ministry is responsible for the development and implementation of policy for funding the boards.

In our 2017 audit, we noted that the Ministry received considerable information from school boards to monitor student performance and the boards' financial situation. In addition, we found that the Ministry had processes to check financial data submitted to it electronically.

However, we found the Ministry needed to improve its oversight of boards in certain areas. Most significantly, we found that the Ministry did not ensure that students with similar needs received the same level of support no matter where in the province they lived. We also noted that the Ministry gave boards considerable discretion in spending funds provided for specific education priorities.

Our more significant audit findings were as follows:

- In 2002, an independent task force reviewed the Ministry's complex formula for determining school-board funding. The

task force recommended that the Ministry annually review and update the benchmarks used in the formula and conduct a more comprehensive overall review every five years. Fifteen years later, the Ministry had not commissioned another independent review of the funding formula.

- Grants for specific education priorities were not always allocated to school boards according to actual student needs. For example, half of the special-education funding was allocated based on a board's average daily enrolment of all its students, instead of the number of students actually receiving special-education programs and services. We found that if the Ministry had allocated this half of the special-education funding based on the actual number of students receiving special-education programs and services, \$111 million would have been allocated differently across the boards.
- The Ministry was not ensuring that funding to school boards for specific education priorities was being spent as intended. In 2016/17, only 35% of \$10.9 billion in special-purpose funding was restricted in use. Except for restricted funding, the Ministry did not require boards to report how the individual grants that comprise the overall Grants for Student Needs were spent, even if those grants were provided for specific purposes.
- The Ministry did not compare and analyze actual expenses of school boards on a per-student or per-school basis. Our analysis showed significant differences in expenses per student by region, but also between boards in the same region. Such analysis could have helped the Ministry identify boards that were not operating efficiently or highlight where further review was necessary.
- Students had been performing below the provincial standard in Grades 3 and 6 mathematics, and Grade 9 applied math, since at least the 2008/09 school year. Root causes

identified through Ministry consultation included the need to increase educators' knowledge of the math curriculum, effective teaching strategies, and effective assessment and evaluation practices.

- Although the amount of funding allocated to each school board was based to a large extent on overall student enrolment, enrolment was audited at only 6% of schools—3% of all elementary schools and 18% of all secondary schools—over the six-year period from 2011 to 2016.

We made 15 recommendations, consisting of 23 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 May 2019 and June 2019. We obtained written representation from the ministries of Education and Finance that effective November 8, 2019, they had 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.

Funding Formula May Not Be Meeting the Needs of Students

Recommendation 1

To ensure that funds are allocated in a manner that supports school boards in providing a high standard of education to all students, we recommend the Ministry of Education:

- *conduct a comprehensive external review of the funding formula, including all grant components and benchmarks, as recommended*

by the Education Equity Funding Task Force in 2002;

Status: Little or no progress.

Details

Our 2017 audit found that the funding formula for the Grants for Student Needs (GSN) last underwent a comprehensive external review in 2002. Since 2013, the Ministry had undertaken an annual consultation process with stakeholders to update the funding formula for the GSN, but these consultations did not take the place of a full comprehensive review.

In our follow-up, we found that, while the Ministry continued its annual consultation process with stakeholders, it had not undertaken a comprehensive external review as recommended.

- *regularly review the formula and update all benchmarks to reflect the province's changing demographics and socio-economic conditions;*

Status: Fully implemented.

Details

Our 2017 audit found that benchmarks used in the funding formula for the various grants comprising the GSN were often out of date.

At the time of our follow-up, we noted that the Ministry had made changes to many of the benchmarks for the 2018/19 school year.

- *use the more current census data available when determining allocations for grants.*

Status: In the process of being implemented by spring 2020.

Details

Our 2017 audit found that the census data used by the Ministry to determine the allocation of various grants was more than 10 years old, even though more current census data was available. To the extent that Ontario's demographics have changed from when that old data was collected, there is a risk that grants will not be distributed fairly and equitably to the students who most need

them. The Ministry's 2016/17 Technical Paper, which describes how components of GSN funding are determined for individual school boards, announced the start of a three-year phase-in of updates using more current census data.

At the time of our follow-up, we reviewed the 2019/20 Technical Paper and noted that some grants or components of grants had been updated with either 2016 or 2011 census data. However, we also noted two grants, the Demographic Allocation of the Learning Opportunity Grant and the Safe and Accepting School Allocation, used 2006 census data. The Ministry told us that the more current census data was not used because it would create significant fluctuations in school-board funding, and further analysis of the impacts and planning was needed. The Ministry said it would consider census updates as part of the planning process for the 2020/21 school year.

Recommendation 2

In order to provide funding in a more equitable manner and ensure the funding meets the actual needs it is intended to address, we recommend the Ministry of Education assess whether the funding of grants intended to serve the needs of a specific group of students or for a specific purpose is achieving that purpose.

Status: Little or no progress.

Details

In our 2017 audit, we found that some grants were allocated in ways that did not reflect the number of students per school board that had the particular need the grant was intended to address. Specifically, half of special-education funding was allocated based on a board's average daily enrolment of all students, as opposed to only the number receiving special-education programs and services. Similarly, the majority of funding under the Learning Opportunity Grant for at-risk students was based primarily on 2006 socio-economic census data identifying numbers of students from low-income households, those who had recently immigrated

to Canada, those being raised by a single parent, or those whose parents had less than a high school diploma. In addition, not all students so identified in the 2006 census data would necessarily require the additional supports and resources provided by this grant.

In our follow-up this year, we found that the Ministry had still not changed the basis for allocating special-education funding and the Learning Opportunity Grant across school boards.

Ministry Does Not Ensure Funding for Specific Education Priorities Is Spent as Intended

Recommendation 3

In order for the Ministry of Education to provide funding in proportion to a school board's need, we recommend it:

- *determine to what extent school boards are spending funds for specific education priorities (such as supports for ESL students and Indigenous students) on those specific purposes, and where it finds significant discrepancies, follow up with school boards to understand the reason for the discrepancies and better align funding with actual needs;*

Status: Little or no progress.

Details

In our 2017 audit, we reported that half of the GSN funding to school boards was identified as Special Purpose Grants (\$10.9 billion in 2016/17), but only 35% of it was restricted for use on specified purposes or specific groups of students. Furthermore, we found that the Ministry could not track whether boards spent unrestricted special-purpose funding for the purposes intended because the boards reported their expenditures by type of expense (e.g., instruction, administration and accommodation) rather than by the source of funding noted in the allocation (e.g., Language Grant for English as a Second Language [ESL] students).

At the time of our follow-up, the Ministry stated that school boards are responsible for determining the level of support that students require based on their needs, including ESL and Indigenous students. However, the Ministry stated that it was considering whether further analysis was required to evaluate the extent to which boards were actually spending funds earmarked for specific education priorities on those specific priorities.

- *design and conduct validation procedures to verify the use of restricted funds.*

Status: Little or no progress.

Details

Our 2017 audit reported that for some restricted grants, the Ministry required school boards to report considerable detailed financial information. However, the Ministry did not validate or audit these expenses to verify that they were used for the restricted purpose for which they were intended. Further, although boards submitted audited financial statements, the Ministry could not obtain assurance on the use of restricted funds because the financial statements were not prepared using fund accounting (that is, grouping expenses by distinct funding or purpose).

In our follow-up, we found that the Ministry had not taken action to address this recommendation. The Ministry's analysis was limited to a comparison of the amount allocated to a school board and the amount the board reported as spent. The Ministry informed us that it considers a new review process to be unnecessary since, on an individual basis, funding provided under each restrictive grant represents a small percentage of total GSN funding. We continue to believe that this recommendation should be implemented as the amount of restricted funding is still substantial in nature (\$3.8 billion in 2016/17).

Recommendation 4

To reduce the overall administrative burden on both the Ministry of Education (Ministry) and school boards, we recommend that the Ministry:

- regularly review grant programs funded under Education Program—Other (EPO), and where program funding is expected to continue beyond the short term, incorporate the funding into the Grants for Student Needs;

Status: In the process of being implemented by the end of the 2019/20 school year.

Details

In our 2017 audit, we found that funding to school boards through transfer-payment agreements, which were intended to be temporary, were often used over the long term rather than being incorporated into the GSN. For example, we identified 18 Education Programs—Other (EPO) grant programs that had been funded through transfer payments for at least seven years.

At the time of our follow-up, we noted that 13 of the 18 were still being funded through transfer-payment agreements in 2018/19.

The Ministry informed us that, starting in the 2019/20 school year, it was launching a new fund, called the Priorities and Partnerships Fund, to replace the EPO funding. The Ministry stated that programs or initiatives to be funded were expected to be evidence-based and outcome-focused. Further, funding would be provided in a streamlined, accountable, and time-limited way, and would be reviewed and assessed by the Ministry each year.

- complete the project to transform the financial administration, contract management, and reporting process for funding considered necessary by way of transfer payments through EPO grants.

Status: In the process of being implemented by the end of the 2019/20 school year.

Details

Our 2017 audit found that the Ministry used twice as many resources to administer EPO transfer payments as it did for GSN funding, even though EPO grants accounted for less than 1% of total Ministry funding to school boards. At the time of our audit, 14 branches were involved in administering EPO funding and the Ministry was working on establishing a single administrative process for these grants by 2019.

As noted above, starting in the 2019/20 school year, the Ministry was launching the Priorities and Partnerships Fund. Funding would be provided in a streamlined, accountable, time-limited way that would be reviewed and assessed by the Ministry each year.

Ministry Does Not Know Whether Additional Funding for Some Students Is Achieving Intended Results

Recommendation 5

In order to improve students' performance in mathematics, we recommend that the Ministry of Education:

- assess the effectiveness of its 2016 math strategy and take corrective action where little or no improvement is noted;

Status: In the process of being implemented by the end of the 2019/20 school year.

Details

In our 2017 audit, we reported that students had been performing below the standard in Grades 3 and 6 mathematics, and Grade 9 applied math, since at least 2008/09. In September 2016, the Ministry announced a three-year, \$60-million strategy to help students achieve better math results.

In our follow-up, we found that the Ministry had commissioned a study to evaluate the design, implementation, processes and preliminary outcomes of the three-year math strategy launched

in 2016. However, due to a change in government direction, the evaluation was not completed. An interim evaluation report was issued in January 2018, and the results of a literature review were issued in September 2017. The Ministry indicated that it would use the recommendations in the interim report and literature review to inform the development of a new four-year math strategy, which it expected to launch in the 2019/20 school year.

In March 2019, the Ministry released parts of a new four-year math strategy, but it had not released the complete strategy at the time of this follow-up.

- *assess the costs and educational benefits of having elementary school students taught mathematics by a teacher with math qualifications.*
Status: In the process of being implemented by spring 2020.

Details

During our 2017 audit, we noted that elementary schools have single-subject teachers for certain subjects, including French, physical education and music, but generally not for mathematics. There would be value in having teachers who specialized in mathematics insofar as they would have better knowledge of the mathematics curriculum and effective teaching strategies for mathematics.

At the time of our follow-up, the government had passed a bill requiring all teachers registering with the Ontario College of Teachers as of spring 2020 to pass a math-content knowledge test before beginning to teach. (The requirement exempts educators who were teaching before spring 2020.)

The Ministry had also previously provided subsidies totalling \$7.7 million for more than 15,000 teachers to obtain additional qualifications in mathematics between 2014 and 2018. Of those that obtained additional qualifications in mathematics in 2017/18, about 80% were primary-school teachers. The Ministry informed us that it expects to continue providing incentives for teachers in inter-

mediary grades to obtain additional qualifications in mathematics.

Recommendation 6

To further understand cost drivers, we recommend that the Ministry of Education regularly analyze costs being spent by individual school boards with similar characteristics to identify areas where fiscal restraint or a review of their expenditures is needed.

Status: Little or no progress.

Details

In our 2017 audit, we found that the Ministry did not compare and analyze expenditures of school boards on a per-unit basis (e.g., per student or per school), even when boards shared similar attributes, such as operating in the same geographic area (e.g., a public and a Catholic board serving the same district), or serving the same demographics (e.g., boards in primarily rural areas).

At the time of our follow-up, the Ministry informed us that, commencing in the 2018/19 fiscal year, its assessment of school boards' financial health included a review of cost per pupil for coterminous boards, comparison of their accumulated surplus/deficits, and EQAO results—but only in cases where the board is considered to be at medium or high risk of an accumulated deficit position. The Ministry confirmed that in 2018/19, cost comparisons of coterminous boards were conducted only for 13 boards. At the time of our follow-up, the Ministry had no plans to extend this type of review to all school boards. We continue to believe that the Ministry should regularly compare the costs of all boards with similar characteristics to identify expenditures that may warrant a more detailed review.

Sick Days for School Board Employees Up 29% over Last Five Years

Recommendation 7

To reduce the rise in the number of sick days by school board employees, we recommend that the Ministry of Education ensure that school boards develop and implement effective attendance support programs.

Status: In the process of being implemented by the end of the 2019/20 school year.

Details

In our 2017 audit, we reported that a study of 56 school boards showed the number of employee sick days increased 29% over five school years, from an average of nine days in 2011/12 to 11.6 days in 2015/16. The study noted that the average number of sick days had increased province-wide for every employee group, including teachers, custodians, educational assistants and early childhood educators.

In August 2017, Ministry staff attended the Council of Directors of Education session on employee absenteeism. During the session, participants assessed key drivers of, and mitigation strategies for, absenteeism in schools, and generated and prioritized actions to address the issue. Potential actions identified by participants included:

- creation of an Absenteeism Advisory Group to liaise and provide guidance to the Ministry;
- a “trust” building initiative looking to better drive communication and grow empathy between parents, teachers and principals; and
- a stakeholder analysis and research project to better understand the stakeholders and root causes and drivers of absenteeism.

At the time of our follow-up, the Ministry had not followed up with the Council to determine the status of or progress on key actions identified. However, the Ministry informed us that it had engaged a firm to collect, review and validate sick leave information from school boards to support talks in the current round of bargaining.

Ministry Places Moratorium on School Closures

Recommendation 8

To work toward achieving the appropriate level of physical infrastructure required to meet current and future needs, we recommend that the Ministry of Education complete its review of the process school boards use when considering school closures and work with school boards to address the issues uncovered in the review.

Status: Little or no progress.

Details

Our 2017 audit found that 13% of schools in Ontario were operating at less than 50% capacity. These underutilized schools existed in all regions, and at both the elementary and secondary levels. In addition, an assessment of the physical condition of schools in the province, conducted by the Ministry between 2011 and 2015, found that \$15.2 billion in repairs were needed by 2020. The Ministry also found that it would cost more to repair some school facilities than to replace them.

Under the School Consolidation Capital Program, funding was made available to school boards to manage their school space more efficiently through closures, consolidations and/or new construction. In June 2017, the Ministry announced plans to overhaul the process boards use when considering school closures, in order to address issues brought forward during engagement sessions held in 10 rural and northern communities.

Since our audit, the Ministry has carried out consultations on its Pupil Accommodation Review Guideline with the education, municipal and community-group sectors, as well as students. The feedback received indicated the need for more transparency and consistency in the pupil accommodation review process across the province, and a need for improved opportunities for public input.

In April 2018, the Ministry released a revised guideline, which included longer minimum timelines and more public meetings to improve opportunities for public input. Revisions also

included increased minimum information requirements for boards to share more information with their communities. The Ministry also committed to developing templates for key documents to ensure consistency in the process across the province.

Although a revised version of the Pupil Accommodation Review Guideline was released in April 2018, the Ministry advised us that it asked school boards not to initiate any new pupil accommodation reviews (unless in support of a joint-use school) until further direction is provided. The current government has committed to uphold the moratorium on school closures until the closure review process is completed. The Ministry informed us that no timeline for completion is available.

Enrolment Audits Insufficient to Show that Reported Enrolment Numbers Are Accurate

Recommendation 9

To increase assurance of the reliability of enrolment data used in calculating Grants for Student Needs funding to school boards, we recommend that the Ministry of Education:

- *set specified audit procedures for enrolment audits that include auditing enrolment numbers of student groups used in calculating funding, such as Indigenous students and students receiving special-education programs or services;*
Status: Little or no progress.

Details

In our 2017 audit, we found that the Ministry was not auditing enrolment of all student groups, such as those receiving special-education programs, students in Indigenous language or Indigenous studies programs, and students in French-language programs, to calculate funding.

At the time of our follow-up, the Ministry informed us that it would not be expanding its enrolment audit procedures to Indigenous students because the funding allocation for Indigenous

language programs was only 0.3% (or \$10.5 million) of the 2018/19 Grants for Student Needs funding, and therefore did not satisfy the risk-based approach developed by the Ministry. In addition, the Ministry said it would not be auditing the number of students receiving special education programs and services because these numbers did not drive the level of funding to a school board (much of special education funding is based on the average daily enrolment of all students) but rather how funding can be spent.

As well, the Ministry informed us that it relies on independent reviews by the boards' external auditors to perform this assessment. However, the work done by external auditors on enrolment data is not as extensive as that done by the Ministry and is not conducted across all programs or school boards. As we reported in our 2017 audit, 61% of boards that responded to our survey said that their external auditors conduct some verification procedures on their enrolment data, but did not issue a separate audit opinion or report. In addition, the boards confirmed that the procedures that the external auditors use are not as extensive as those of the Ministry.

We continue to support the implementation of this recommendation.

- *assess the costs and benefits of requiring school boards to have these audits performed annually by their external auditors.*

Status: Little or no progress.

Details

Our 2017 audit found that, despite the fact that the amount of funding allocated to each school board was based to a large extent on overall student enrolment, the Ministry audited enrolment numbers for only 12% of school boards and less than 1% of schools in 2016.

In the Ministry's 2019 enrolment audit plan, released in February 2019, the Ministry stated that it was still assessing the merits of requiring boards to have enrolment audits performed by their external auditors.

Recommendation 10

To address errors found during enrolment audits and to mitigate the risk of future errors, we recommend that the Ministry of Education follow up with school boards to ensure that recommendations resulting from enrolment audits have been implemented.

Status: Fully implemented.

Details

We found in our 2017 audit that the Ministry was not verifying or following up on whether school boards implemented recommendations resulting from its enrolments audits.

During our follow-up, we noted that the Ministry committed in its audit plan for 2019 to perform follow-up audits for boards with audit findings. The audit plan identified nine school boards requiring a follow-up audit, but determined only one required a field visit. Five of the follow-up audits were performed in the spring 2019 audit cycle and the remaining four were under way at the time of our follow-up audit.

Ministry Often Does Not Follow Up When Deficiencies Found

Recommendation 11

In order to ensure that leading practices identified during the operational reviews of school boards have been adopted, we recommend that the Ministry follow up with school boards to identify the implementation status of key recommendations outlined in their operational reviews, and work with school boards to put best practices in place, where it has not been done.

Status: Little or no progress.

Details

In our 2017 audit, we reported that the Ministry had commissioned reviews of all school board operations between 2008 and 2011. However, it did not know if all recommendations arising from the reviews had been implemented because the review teams only followed up on selected recommendations.

In our follow-up, the Ministry informed us that the operational reviews to assess the adoption of leading practices across the sector were initiated more than 10 years ago, but that expectations placed on boards have evolved over that time.

In the latest Ontario budget, released in April 2019, the government announced that the Ministry would be undertaking a thorough review of how boards can conduct their operations in the most efficient manner to best serve students and parents while ensuring their long-term sustainability. This process would be kicked off by the creation of a Minister's task force. At the time of our follow-up the Ministry did not have any information on when the task force would be created and when the review would be completed.

Recommendation 12

Where the Ministry of Education determines that the best form of funding a program is through transfer payments, we recommend that the Ministry develop procedures to ensure the required reporting is fulfilled, and that if reporting requirements are not met, that additional funding not be provided the following year.

Status: In the process of being implemented for the 2021/22 school year.

Details

In our 2017 audit, we found in 30% of the files we reviewed that the required reporting by school boards on funding under transfer-payment agreements was incomplete. The Ministry had not followed up with boards on the missing information, thereby undermining its ability to know if the funding was spent as intended.

At the time of our follow-up, the Ministry informed us that it had created a cloud-based IT system, known as the Program Agreement Administration system, to support the reporting needs of the Ministry and transfer payment recipients. The Ministry expects the system to help reduce administrative burdens and improve operational efficiency, transparency and accountability. The Ministry

reported that some transfer-payment programs started using the system in 2018/19.

The Ministry also stated that a team has been established to develop an Evidence and Accountability Framework to facilitate the efficient and effective use of funds provided outside the GSN through transfer-payment agreements, and to enable ministry staff to better measure the overall impact of funded activities on key ministry objectives.

The Ministry told us it was aiming to have the IT system and the framework fully implemented in time for 2021/22 transfer payments.

Concerns with Class Size Requirements

Recommendation 13

To monitor whether class sizes are maintained throughout the year, and not just on the reporting dates, we recommend that the Ministry of Education:

- *inform school boards that class size restrictions should be in effect throughout the school year, and not just on the reporting dates;*

Status: Fully implemented.

Details

Our 2017 audit found that the class-size restrictions stipulated in regulations were not enforced throughout the school year by either the Ministry or school boards. Four boards we visited interpreted the class-size restrictions to mean that as long as they met the restrictions as of the reporting date (once a year for elementary schools and twice a year for secondary schools), they had fulfilled the regulation.

In September 2019, the Ministry sent a memo to all school boards reminding them to “make best efforts to maintain class size limits throughout the year while keeping the best interests of students in mind. In situations where there are significant changes to class enrolment, school boards should consider whether additional sections should be provided and should be able to provide documentation of the changes if requested.”

- *verify class sizes at select schools at various times throughout the year.*

Status: Will not be implemented. The Office of the Auditor General continues to support the implementation of this recommendation because we found in our 2017 audit of School Boards’ Management of Financial and Human Resources that the school boards we reviewed did not comply with class size regulations at all times throughout the year; they were in compliance on the date specified in the class size regulations of September 30 but not at other times.

Details

The Ministry informed us that it would not be implementing this recommendation to avoid the disruption that could result from reorganizing classrooms multiple times throughout the school year to accommodate incoming and outgoing students. The Ministry said it was encouraging boards to maintain documentation on class-size changes occurring after the count date.

Recommendation 14

In order for all students in the province to benefit from smaller class sizes, we recommend that the Ministry of Education assess the costs and benefits of implementing maximum class size restriction caps for Grades 4 to 12, similar to ones in place for kindergarten and Grades 1 to 3, to complement the restrictions on average class size.

Status: Little or no progress.

Details

Our audit found that as of the 2017/18 school year, only classes for full-day kindergarten and Grades 1 to 3 had a maximum class-size restriction under regulation. For all other grades (Grades 4 to 8 and secondary school), school boards were restricted to an average class size. This means not all students would benefit from smaller class sizes.

In January 2019, the Ministry began consultations with stakeholders to solicit opinions on hard caps versus average class sizes, and it looked at class size requirements in other provinces. The Ministry’s

analysis did not include a review of empirical evidence regarding what effect different class sizes have on student performance. The Ministry announced proposed changes to class sizes in March 2019. The proposed changes did not result in a cap on class sizes for all grades, but rather an increase in the average class size for Grades 4 to 12. For Grades 4 to 8, the funded average class size increased from 23.84 to 24.5. For Grades 9 to 12, the funded average class size increased from 22 to 28. The Ministry estimated that the proposed class size changes would result in a decrease in total GSN funding of 0.4% for the 2019/20 school year and 1% for the 2020/21 school year, compared to the level of funding provided for the 2018/19 school year.

Upon release of the proposed changes, the Ministry requested additional input from the education sector to further assess the costs and benefits. Feedback was due May 31, 2019. At the time of our follow-up, the Ministry had not summarized this latest feedback.

Recommendation 15

To simplify the administrative process of remitting Education Property Tax funding to school boards and to ensure that all Education Property Taxes collected from taxpayers are being remitted, we recommend that the Ministry of Finance:

- *assess whether there is benefit to collecting Education Property Taxes centrally on behalf of the Ministry of Education to distribute through the Grants for Student Needs;*

Status: In the process of being implemented by the end of the 2020/21 fiscal year.

Details

In our 2017 audit, we reported that a portion of GSN funding to school boards came from Education Property Taxes (EPT) collected by municipalities and remitted directly to the boards. But the Ministry had no way of verifying that the amount of EPT remitted by municipalities to boards was accurate. Moreover, the collection and distribution process was cumbersome, with over 400 municipi-

palities remitting funds to four school board types, four times a year.

At the time of our follow-up, the Ministry of Finance informed us that it had begun an assessment of the benefits of municipalities remitting EPT centrally, but a more detailed cost/benefit exploration would occur after oversight measures were put in place to verify the accuracy and completeness of the EPT received by boards. These measures include proposed enhancements to the Online Property Tax Analysis (OPTA) system. The OPTA system is a centralized budgetary planning tool and property tax accounting system for Ontario municipalities. The Ministry informed us that it was working with the system developer to implement a new EPT tool within the system. This tool would include all EPT assessments and tax data for each municipality, and allow the Ministry to track transfers between all taxpayers, municipalities and school boards.

As well, in June 2019, the Ministry approved an 18-month pilot project to conduct analysis to identify whether all property tax revenue collected from taxpayers is forwarded to school boards. The project, which will begin in late fall, is expected to look at EPT transactions between taxpayers and municipalities and between municipalities and school boards. The pilot is expected to involve seven full-time equivalent staff and cost \$1 million. Results of the pilot project are expected to inform the Ministry's decision on whether there is benefit to collecting EPT centrally on behalf of the Ministry of Education to distribute through the Grants for Student Needs.

- *develop procedures to verify the accuracy and completeness of Education Property Tax received.*

Status: In the process of being implemented by May 2021.

Details

As noted above, the Ministry of Finance was undertaking a pilot project to analyze whether all property tax revenue collected from taxpayers is forwarded to school boards. The pilot is expected to begin in late fall and be fully operational by May 2021.

Chapter 1

Ministry of Health

Section 1.09

Ontario Public Drug Programs

Follow-Up on VFM Section 3.09, 2017 Annual Report

RECOMMENDATION STATUS OVERVIEW						
	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	2	1	1			
Recommendation 2	2	2				
Recommendation 3	3	2	1			
Recommendation 4	1	1				
Recommendation 5	4		4			
Recommendation 6	1		1			
Recommendation 7	2			2		
Recommendation 8	2		2			
Recommendation 9	1		1			
Recommendation 10	2		2			
Total	20	6	12	2	0	0
%	100	30	60	10	0	0

Overall Conclusion

As of June 28, 2019, the Ministry of Health (Ministry, previously known as the Ministry of Health and Long-Term Care) had fully implemented 30% of actions we recommended in **Section 3.09** of our 2017 Annual Report. The Ministry had also made progress in implementing an additional 60% of the recommendations.

The Ministry had fully implemented recommendations such as collaborating with other jurisdictions through the pan-Canadian Pharmaceutical Alliance to negotiate a better Tiered Pricing Framework for generic drugs, as well as streamlining the Exceptional Access Program processes to consistently meet its targeted response times for all requests. For example, since our last audit in 2018, the pan-Canadian Pharmaceutical Alliance (pCPA) negotiated additional savings for generic drugs with the Canadian Generic Pharmaceutical Association

(Association). The pCPA brings provinces (including Ontario), territories, and federal drug plans together to negotiate prices for publicly covered drugs. The Association represents companies that produce generic prescription drugs. The pCPA and the Association undertook a five-year pricing initiative on April 1, 2018. According to a report analyzing the initiative by the Patented Medicine Prices Review Board, as of December 2018, Canadian generic prices were 5% below the mean of seven comparator countries.

The Ministry had also made progress in implementing other recommendations, such as finalizing a formal policy to govern the rebate process and recover payments from all pharmacies for claims paid inappropriately for deceased persons and for claims that pharmacies tried to cancel after submitting them (because, for example, they were submitted by mistake or the patient never picked up the prescription) but were unable to.

However, the Ministry has made little progress on another 10% of the recommendations, including assessing whether it could use other methods to access the required physicians' forms before reimbursing claims. Instead, the Ministry continues to rely on resource-intensive, manual inspections after the fact to verify that the forms are on pharmacists' premises.

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

Background

In 2018/19, more than 5.2 million Ontarians received drug coverage through the Ontario Public Drug Programs (Programs), up from about four million in 2016/17. The Ministry of Health (Ministry, formerly the Ministry of Health and Long-Term Care) is responsible for administering the Programs, which cover most of the cost of over 4,400 drug products listed on the Ontario Drug Benefit Formulary (Formulary), over 1,000 drugs through

the Exceptional Access Program (non-Formulary), certain disease-specific programs, as well as various professional pharmacy services received by eligible Ontarians.

In 2018/19, the Programs' expenditures totalled \$7.1 billion (\$5.9 billion in 2016/17) before rebates (also called "contractual payments") from drug manufacturers; the expenditures of the Ontario Drug Benefit Program alone amounted to \$6.4 billion (\$5.4 billion in 2016/17) when co-payments and deductibles were included. According to the most recent data available, brand-name drugs accounted for about two-thirds of the total expenditures under the Ontario Drug Benefit Program, and generic drugs accounted for the remaining one-third. One of the Ministry's key responsibilities is to negotiate with drug manufacturers to achieve the best price possible for drugs covered by the Programs.

For brand-name drugs, over the decade prior to our audit in 2017, the Ministry took initiatives to negotiate contracts with drug manufacturers that often resulted in receiving rebates from the manufacturers. However, we noted the following:

- The Ministry received \$1.1 billion in rebates from drug manufacturers in 2016/17. However, the Ministry was not able to determine how the confidential discounted prices of the brand-name drugs compared to prices paid by other countries because pricing information is confidential globally.
- The Ministry took over six months on average to invoice drug manufacturers after the date when rebates could be recovered, which equated to about \$2.2 million in interest income lost in 2016/17. Further, the Ministry made some errors in calculating the rebates—in one case, this led to a failure to invoice over \$10 million. The Ministry recovered the amount when the drug manufacturer informed it of the error.

For generic drugs, we noted:

- Generic drug prices in Ontario dropped significantly in the 10 years prior to our audit, but the Province still paid more than foreign

countries. For example, our analysis showed that, in 2015/16, Ontario paid roughly \$100 million (or about 70%) more for the same drugs as New Zealand.

- We compared a sample of common generic drugs used in both community and hospital settings and found that the Ministry paid \$271 million (or 85%) more than some Ontario hospitals in 2016/17. Opportunities exist for more discounts on generic drugs.

Among other findings:

- We found that, in general, the Ministry paid for eligible recipients' drug costs in a timely manner when their prescribed drugs were listed on the Formulary. However, delays were common with people who required approval through the Exceptional Access Program on a case-by-case basis. For example, in 2016/17, the overall time for the two most requested biologic drugs (over 7,800 total requests) was approximately seven to eight weeks.
- In 2016/17, out of the more than 4,260 pharmacies, the Ministry inspected 286 pharmacies and recovered \$9.1 million in inappropriate claims. However, our audit identified many other inappropriate claims, leading to about \$3.9 million of inappropriate payments not inspected and/or recovered by the Ministry. Also, the Ministry did not refer several potentially fraudulent billings to the Ontario Provincial Police in a timely manner.
- The Ministry spent \$157 million through the Ontario Drug Benefit Program on opioids for about 720,000 recipients in 2016/17. Despite numerous initiatives taken by the Ministry to deal with the recent opioid crisis, it did not know whether individuals overdosed or died from using prescribed or illicit opioids. Having this information would let the government know where to devote resources.

We made 10 recommendations, consisting of 20 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, 2019, and June 28, 2019. We obtained written representation from the Ministry of Health (Ministry) that effective October 31, 2019, it has provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Rebates on Brand-Name Drugs Have Increased but Price Comparisons Are Difficult

Recommendation 1

To help ensure timeliness and accuracy of the rebates received from drug manufacturers, we recommend that the Ministry of Health and Long-Term Care:

- *establish and monitor adherence to formal policies and procedures governing the rebate process;*
- Status: In the process of being implemented by the end of 2019.**

Details

In our 2017 audit, we found that while the amount of rebates on brand-name drugs (also called “contractual payments”) continues to grow, room for improvement existed in the administrative process to ensure the timely and accurate processing of rebates due from drug manufacturers. On average, it took the Ministry over six months from when rebates were due to invoice drug manufacturers. Further, we noted that the Ministry’s process of manually calculating rebates for over 90 drug manufacturers and over 1,400 unique drug products is prone to error. When we asked the Ministry for its formal policies and procedures surrounding the rebate process, it informed us that it was in the process of making improvements and formally documenting its processes.

Since our 2017 audit, the Ministry has automated the rebate process so that the rebates due from drug manufacturers are calculated electronically. The automation includes standardizing the process for volume and non-volume discount rebates, eliminating the copying and pasting of data tables for invoicing, and tracking rebate amounts on a quarterly basis. As of the end of June 2019, the automation process had been implemented for all manufacturers' volume discount rebates, which accounted for 90% of total rebate dollars.

Although the Ministry has drafted a procedural manual of the automation process, the manual had not been finalized at the time of our follow-up. The manual explains the automation process and how to conduct data quality checks; however, it does not incorporate formal policies such as when and how to monitor the rebate process to ensure timeliness and accuracy of the rebates received from drug manufacturers. The Ministry also expects to establish a formal policy governing the rebate process by the end of 2019.

- *review rebate processing data to identify and address areas of delay to ensure greater efficiency, including better allocation of staff resources.*

Status: Fully implemented.

Details

Our 2017 audit reported that while the amount of confidential rebates received from drug manufacturers has grown substantially over the last 10 years, the resources allocated to handle the administration of these rebates have remained comparatively small. In 2017, the Ministry explained that some delays were due to manufacturers disputing amounts and/or requesting data from the Ministry to recalculate the rebate independently.

Since our 2017 audit, the Ministry has made two key changes to address the delay in rebate processing:

- It allocated additional staff to support data processing, to update and maintain system coding, and to review data. As well, it now

requires managerial oversight of the rebate reconciliation prior to director approval.

- At the end of June 2019, it completed the system automation for all drug manufacturers' volume discount rebates (as previously discussed).

Generic Drug Prices Have Dropped Significantly but Ontario Still Pays More Than Other Public Payers

Recommendation 2

To help Ontario obtain lower prices for generic drugs from drug manufacturers, we recommend that the Ministry of Health and Long-Term Care:

- *conduct a cost/benefit analysis to determine whether best practices (such as tendering) used in other jurisdictions and in some Ontario hospitals could be more advantageous in some circumstances than retaining the Tiered Pricing Framework;*

Status: Fully implemented.

Details

Our 2017 audit found that the Ministry has made significant progress in reducing the prices of generic drugs in the last 10 years; however, there was further room for price reductions. Prices of generic drugs continue to be higher in Ontario and nationally than in seven other reference countries (France, Germany, Italy, Sweden, Switzerland, the United Kingdom and the United States). This was especially true for generic drugs that entered through the pan-Canadian Tiered Pricing Framework. As of March 2015, the median foreign prices for these drugs were still 28% below Canadian prices, despite the impact of a weaker Canadian dollar.

Our audit also observed that a contributing factor to the difference between the Ontario Public Drug Program, like all Canadian public drug programs, and some other countries was the lack of a competitive tendering process for generic drugs in Ontario.

Since our last audit, in 2018, the pan-Canadian Pharmaceutical Alliance (pCPA) negotiated additional savings for generic drugs with the Canadian Generic Pharmaceutical Association (Association). The pCPA brings provinces (including Ontario), territories, and federal drug plans together to negotiate prices for publicly covered drugs. The Association represents companies that produce generic prescription drugs. The pCPA and the Association undertook a five-year pricing initiative on April 1, 2018, that will not be renegotiated until after March 31, 2023. The initiative covers 68 of the most commonly prescribed generic drugs. At the time of our follow-up, the Ministry estimated that, for 2018/19, approximately \$200 million in additional savings for the Ministry of Health and the Ministry of Children, Community and Social Services would be achieved. According to a report analyzing the initiative by the Patented Medicine Prices Review Board, as of December 2018, Canadian generic prices were 5% below the mean of seven comparator countries (France, Germany, Italy, Sweden, Switzerland, the United Kingdom and the United States).

The Ministry indicated that Ontario, as only one of 12 provincial and territorial members of the Alliance that committed to this pricing arrangement until at least 2023, cannot unilaterally end it to pursue other pricing options on its own.

- *collaborate with other jurisdictions through the pan-Canadian Pharmaceutical Alliance to explore ways to negotiate a better Tiered Pricing Framework for generic drugs.*

Status: Fully implemented.

Details

As mentioned above, the pCPA and the Association undertook a five-year initiative on April 1, 2018, that resulted in additional savings. In particular, the prices of 68 generic drugs in Canada have been reduced by a further 25%–40%. For example, the price of 20 mg of citalopram, a drug used for the treatment of depression, decreased from

\$0.2397 to \$0.1332. Also, the price of five mg of amlodipine, marketed by the brand company as Norvasc, is \$1.4884. In comparison, the generic price of five mg of amlodipine is \$0.1343. (Amlodipine is used to treat high blood pressure.) The price reductions resulted in overall discounts of up to 90% off the price of the brand-name equivalents.

Access to Most Drugs Is Timely but Delays Are Incurred for Exceptional Access Cases

Recommendation 3

To help ensure that patients receive timely access to drugs that are considered for coverage under the Exceptional Access Program, we recommend that the Ministry of Health and Long-Term Care:

- *streamline the existing processes to consistently meet its targeted response times for all requests for drugs covered through the Exceptional Access Program; and*
- *complete the implementation of the new Special Authorization Digital Information Exchange system;*

Status: Fully implemented.

Details

In our 2017 audit, we noted that some delays are incurred when patients require prescribed drugs that are not on the Formulary but are available following case-by-case review through the Ministry's Exceptional Access Program (Program). Between 2010/11 and 2015/16, the Ministry consistently failed to meet its targeted times for processing incoming physicians' requests for their patients. For example, in 2015/16, the Ministry was able to respond within its targeted time frames, on average, only 48% of the time, not 85% as targeted.

Our 2017 audit noted that, in 2015, the Ministry proposed a new Special Authorization Digital Information Exchange system (system) and received approval to proceed with the implementation in the following year with a planned completion

date in October 2018. The system was expected to transform the ways in which physicians and nurse practitioners interact with the Exceptional Access Program and to streamline the back-office processing of requests. Its purpose is to modernize a process that is still largely manual.

Since our 2017 audit, the Ministry has taken actions to streamline the Program process as follows:

- The Ministry has collaborated with manufacturers and other stakeholders to develop drug-specific request forms for new products. These forms enhance efficiency by collecting all the information needed to assess a request, therefore eliminating requests for missing information and improving efficiency for the prescribers and the Ministry.
- The Ministry, since November 2017, has enhanced its website to allow the public to search whether a prescribed drug is covered through the Formulary or the Program. Moreover, the Ministry updates the website approximately five to eight times per year, when new drugs are added to the Program or criteria are changed.
- Between February 2017 and February 2019, the Ministry transitioned approximately 100 drug products out of the Program onto the Formulary. This reduced the number of requests prescribers must submit for Program products by approximately 4,000 per year.

For the period between April 1, 2019, and mid-June 2019, the Ministry improved its turnaround time for the Program as compared to the results we reported in 2017. For example, the average turnaround time for Biologics decreased from 23 days in 2015/16 to eight days, which is within the Ministry's 10-day target. The Ministry also met the targeted turnaround time for other priority queues: "Stat-rush" (now called "Priority 1") in three days, "Rush" (now called "Priority 2") in four days, and "Non-rush" (now called "Chronic") in 27 days.

At the time of our 2017 audit, the Ministry expected to implement the new information

exchange system in October 2018. However, in March 2018, the project was reviewed and its development was subsequently transitioned from an outside vendor to the Ministry.

In December 2018, the Ministry released a new prototype of the system to selected prescribers and obtained feedback from them on design and content. In April 2019, the Ministry started to pilot the system and made it available to 240 prescribers. Within one month (i.e., in May 2019), the number of prescribers who could access the system increased to 11,500. As of the end of June 2019, the Ministry had implemented the system and made it available to all 36,000 nurse practitioners and physicians in Ontario.

- *use the new system to collect the necessary data to inform the policies and administration of the programs, such as whether it should fund certain drugs through the Exceptional Access Program, with other specific criteria or as a general benefit through the Formulary.*

Status: In the process of being implemented by the end of 2019.

Details

Our 2017 audit report noted the new system was expected to also allow the Ministry to aggregate more clinical data, such as what drug each patient is using and for which specific indication, which condition each patient has, which specific criteria are met, which unmet criteria resulted in a rejection of the request, and which drugs required an external review.

When the system was first piloted in April 2019, the system also began to collect necessary clinical data that could be used to adjudicate requests through the Exceptional Access Program. The Ministry could also use the data collected to help inform policies and administration of the program. The Ministry expects to begin using the collected data by the end of 2019.

Few Inspections and Lags in Reporting Potential Fraud Have Resulted in No Action Taken in Suspicious Cases

Recommendation 4

To help ensure that appropriate and timely action is taken regarding possible fraudulent claims, we recommend that the Ministry of Health and Long-Term Care work with the Ontario Provincial Police to establish and follow a formal protocol identifying criteria and targets for exchanging information in a timely manner.

Status: Fully implemented.

Details

In our 2017 audit, we found that no formal protocol had been established between the Ministry and the Ontario Provincial Police (OPP) regarding what should be communicated between them, and when, if suspicious claims have been identified as a result of pharmacy inspections. This has resulted in the OPP not investigating some cases because information was not forwarded in a timely manner.

Since late 2017, the Payment Accountability and Fraud Control Unit (Ministry Unit) (under the Ministry Health Services Branch), has been responsible for the co-ordination of all information and data flow between the Ministry and the OPP's Health Fraud Investigation Unit (OPP Unit). The Ministry Unit staff were trained on fraud processes and how to track and exchange information securely.

In October 2017, the Ministry and the OPP renewed a formal service-level agreement (agreement) for the investigation of potential OHIP fraud against the Ministry to help ensure timely and efficient exchanges of information with the OPP Unit. As well, the Ministry Unit uses a centralized tracking sheet to document all potential fraud case information, including updates provided by the OPP Unit under the agreement. The OPP Unit also updates the Ministry Unit through:

- twice-a-year formal case-update meetings with the Ministry Unit and relevant program area management and staff;
- quarterly reports on the status of investigations, charges and/or outcomes;

- a formal letter to the Ministry Unit and relevant manager and program area staff when the status of a case changes (e.g., when charges are laid) and another formal letter when a case is concluded; and
- ad hoc updates when requested by the Ministry Unit, to address internal Ministry needs.

Recommendation 5

To help ensure that only valid and appropriate claims are paid to pharmacies, we recommend that the Ministry of Health and Long-Term Care (Ministry):

- recover payments from all pharmacies for claims paid inappropriately for deceased persons and unsuccessful reversals;

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

Details

In our 2017 audit, we reported that claims are sometimes paid for patients who have died. The Ministry is able to routinely recover these claims from pharmacies that it has inspected, because the date of death is captured in the Health Network System. But if there is no inspection, there is often no recovery. In 2015/16, recoveries related to claims paid for deceased patients totalled only \$42,365, even though the Ministry had paid about \$951,900 for their prescriptions after their death. This resulted in about \$910,000 not recovered by the Ministry.

During our audit, we also noted that claims are paid for prescriptions that pharmacies may subsequently try to reverse online. Recoveries related to claims for unsuccessful reversals in 2015/16 were about \$900,000 for 130 pharmacies, which was 19% of total recoveries that year. The amount the Ministry paid for claims where reversal attempts were unsuccessful was nearly \$3.1 million. This resulted in about another \$2.1 million not recovered by the Ministry.

Since our 2017 audit, the Ministry has added two new assessment staff to enhance its capacity

to review pharmacy billing data. These staff have developed a claims assessment plan that, when fully executed, will identify for recovery those claims that are in the top areas for overpayments.

At the time of our follow-up, the Ministry was in the process of developing an assessment and recovery process for invalid claims that could be sufficiently substantiated for recovery without an on-site inspection. The Ministry is preparing a formal proposal about the new assessment and claim recovery process to seek approval for resourcing requirements. The Ministry anticipates this new assessment process, if approved, will be launched by December 2019, with recoveries commencing in March 2020.

- *allow pharmacies a longer time frame to reverse invalid claims, in line with the industry standard;*

Status: In the process of being implemented by December 2020.

Details

Our 2017 audit noted that the industry standard for pharmacies to reverse a claim billed to a private insurance company is 90 days, not the seven days online reversal set by the Ministry. If the Ministry provided pharmacies with a longer time frame to reverse their claims online, it would increase recoveries.

During our follow-up, the Ministry indicated that it was proposing IT changes to increase the time frame for claim reversals from seven days to 90 days. However, implementing these changes requires a regulation amendment; no such amendment had been approved as of June 2019. If approval is obtained, the Ministry anticipated that implementing the changes would take six to nine months.

- *investigate why some physicians prescribed limited-use drugs to patients who did not meet the Ministry's limited-use criteria and review*

whether the Ministry's existing criteria are up to date;

Status: In the process of being implemented by the end of 2019.

Details

In our 2017 audit, we noted that claims are paid for ineligible recipients relating to a category of drugs called limited-use drugs. The drugs in this category are funded only for specific uses, and patients must meet set criteria to be eligible for them. We obtained claims data for the calendar year 2016 and analyzed a sample for limited-use drugs with age- and gender-based criteria; we found that approximately \$922,000 was spent on claims where the criteria were not met. However, the Ministry did not know why physicians prescribed these drugs and/or whether its criteria for limited use for these drugs are outdated. The Ministry also did not know why pharmacists were not verifying patients' age and gender prior to claiming these drugs. Physicians may prescribe drugs for uses outside of the limited-use criteria using their professional judgment. However, the limited-use criteria are required for the drugs to be covered under the Ontario Drug Benefit program.

During our follow-up, the Ministry indicated that it could not investigate why some physicians prescribed limited-use drugs to patients who did not meet the criteria because the regulatory colleges are responsible for overseeing the professional practice of health-care providers. Physicians, nurse practitioners and pharmacists are regulated health-care professions in Ontario and are required to adhere to the professional standards and ethics of their respective regulatory colleges such as the College of Physicians and Surgeons of Ontario.

At the time of our follow-up, the Ministry was in the process of reviewing the limited-use criteria with respect to gender and age requirements. Part of the review was to consider the extent to which prescribers and pharmacists were adhering to the criteria, and whether

education and other means should be used to improve their adherence to the criteria.

The Ministry updated the Formulary listing of approximately 200 drug products between February 2017 and February 2019, making changes to over 100 limited-use products. The update included an appropriateness review in 2018 of all limited-use drugs with age-related criteria, resulting in revisions to 28 drug products. The Ministry was continuing to review, for all of the remaining limited-use drug products, whether the age and/or gender criteria were up to date and was planning to complete this review by the end of 2019.

- *implement system controls to prevent claims that do not adhere to limited-use criteria, such as gender- and age-based criteria, so that these claims would be rejected or adjudicated at the point of dispensing and therefore would not have to be subject to inspection.*

Status: In the process of being implemented by the end of 2019.

Details

Since our 2017 audit, the Ministry has implemented system controls for two drug or product categories as follows:

- 1) Fentanyl Transdermal Patch—Effective October 1, 2017, the Ministry implemented system rules that allow claims to be processed only if they meet the limited-use criteria. The system rules link to the patients' dispensing histories (from both the Health Network System and the Narcotics Monitoring System) in the previous 180 days in order to prevent misuse or abuse of these patches.
- 2) Valved holding chambers—Effective September 30, 2018, the Ministry imposed additional system rules to enforce the age and quantity restrictions for valved holding chamber claims. These claims will only be approved for patients aged 12 years and under, and only once per 365 days.

As the Ministry's review of all limited-use drug products with age and/or gender-based criteria is

completed, an assessment of whether IT controls are appropriate will also be completed. In addition, the Ministry is evaluating the cost/benefit of implementing system controls to ensure compliance with limited-use criteria and will complete this assessment by end of 2019. The Ministry indicated that where the cost/benefit analysis proves to be supportive of system controls being placed, they will be considered and prioritized as part of system enhancement activities.

Ministry Could More Effectively Manage Its Oversight of Pharmacy Claims and Payments

Recommendation 6

To help ensure better use of inspectors' resources and that high-risk pharmacies with potentially inappropriate billings are inspected, we recommend that the Ministry of Health and Long-Term Care use detailed annual inspection plans, identify high-risk areas and/or pharmacies, and allocate its inspection resources more robustly based on risk.

Status: In the process of being implemented by December 2020.

Details

Our 2017 audit reported that although the Ministry has prepared plans for pharmacy inspection, we found that the plans provided only general guidelines with a broad direction for inspectors to follow. The plans did not use analytics run on a provincial basis to highlight high-risk entities. We expected the Ministry to have detailed plans that identify specific risk areas where inspector resources would be focused; however, no such documented plans existed. We also expected to see inspection reports that detailed common themes and areas where pharmacies were making billing mistakes and where pharmacies would benefit from communication from the Ministry on how to bill appropriately. Again, no such analysis existed.

At the time of this follow-up, the Ministry's Health Data Science Branch was working with a

publicly funded research institute to develop screening algorithms to identify potential anomalies that could be high-risk, warranting greater inspection scrutiny. The Ministry was also working to document a risk-based annual inspection-planning process. The Ministry expected the inspection plan would formally document guidelines and methodology for the purposes of identifying high-risk pharmacies with potentially inappropriate billings.

The Ministry expected to complete the algorithms that would support its risk-based inspection-planning process by December 2020. The risk-based inspection-planning process is to be implemented in the 2020/21 fiscal year. It is to include a process to review the results of completed pharmacy inspections to document best practices and lessons learned that could be incorporated in subsequent inspection-planning cycles.

Recommendation 7

To improve the use of inspectors' resources with the focus on enforcing that only valid claims are paid, we recommend that the Ministry of Health and Long-Term Care:

- *assess whether the required forms relating to prescriptions could be accessed differently; and*
- *reimburse claims only when the required forms are submitted.*

Status: Little or no progress.

Details

During our 2017 audit, we noted that Ministry inspectors may recover amounts paid to pharmacies if the pharmacy does not retain specific required documentation and forms. However, the only way for an inspector to verify missing forms is to conduct a physical inspection at the pharmacy. The inspectors spend much of their efforts on verifying that these forms exist on the pharmacists' premises. If the prescribing physicians completed and stored the forms relating to their prescriptions electronically with linkage to the inspectors, this resource-intensive manual process could be avoided.

The existing Online Transaction Processing component of the Health Network System, through which pharmacies submit claims for payment, does not have the capability of collecting or storing forms. The Ministry continues to rely on inspections to verify that these forms are on the pharmacists' premises, rather than reimburse claims only when the required forms are submitted. The Ministry indicated that it would consider changes to the Health Network System, including the functionality to implement this recommendation along with other digital opportunities, as it completed the required analyses to manage the Health Network System procurement.

Recommendation 8

To help ensure that patients who need MedsCheck services are receiving them and that MedsCheck achieves its intended purposes, such as promoting healthier patient outcomes, quality of life and disease self-management, we recommend that the Ministry of Health and Long-Term Care:

- *develop performance measures and explore an approach to collect, monitor and analyze data to evaluate the program and assess whether or not MedsCheck services are helping to improve patient health outcomes;*

Status: In the process of being implemented by the end of 2019.

Details

MedsChecks are consultations provided by a pharmacist to a patient who is taking three or more chronic medications (or meets certain other criteria), to review the patient's medication profile and identify and resolve drug-related problems. Our 2017 audit found that the Ministry set clear objectives for the MedsCheck program, such as promoting healthier patient outcomes, quality of life and disease self-management, and improving patient knowledge, understanding of and adherence to drug therapy. However, it did not identify what information it would need to evaluate whether

it was meeting these objectives. As a result, the Ministry could not provide enough evidence as to the program's ability to meet its intended goal and objectives in a cost-effective manner. The Ministry also did not establish any performance indicators to measure the success of the program.

Since our last audit, the government announced, in April 2019, a budget that included proposals to modernize pharmacy reimbursement policies and establish a “smarter, more efficient and fiscally responsible system to deliver publicly-funded health benefits.” One of the proposals included modernizing the eligibility criteria of the MedsCheck Program. The government received feedback on all of the proposals and continues to work with key stakeholders to identify opportunities to achieve the stated goals. This work includes developing performance measures for MedsCheck.

Meanwhile, a Ministry-funded research organization was working on evaluating the MedsCheck Program, including surveys of patient experience. A final report on the evaluation is expected to be completed in the fall of 2019. The Ministry expects to develop performance measures as part of the redesign of the MedsCheck Program by December 2019.

- *work together with pharmacies and the Ontario Pharmacists Association to streamline the administrative process to submit MedsCheck claims.*

Status: In the process of being implemented by the end of 2019.

Details

In October 2016, the Ministry enhanced the MedsCheck program to improve the quality and consistency of the process. The new process required pharmacies to use standardized forms and provide more documentation when conducting MedsCheck services as a way to measure the program's success. While this enhancement is a positive step, it had the unintended consequence

of reducing the number of overall MedsChecks performed by pharmacies.

At the time of our 2017 audit, the Ministry was consulting with the Ontario Pharmacists Association about when pharmacies would acquire the software required to fill out MedsCheck forms electronically. We understood that most pharmacies were expected to acquire the required software, but an estimated time was not available.

During this follow-up, we noted that the Ministry has met with representatives from various stakeholder groups. The Ministry, as part of the redesign of the MedsCheck Program mentioned above, will consider opportunities for streamlining and program efficiencies by the end of 2019.

Ministry Pays Ontario Pharmacies Serving Long-Term-Care Homes Significantly More in Dispensing Fees Than Other Provinces

Recommendation 9

To help ensure that the dispensing fees paid for recipients at long-term-care homes are reasonable, we recommend that the Ministry of Health and Long-Term Care conduct further analysis to determine the reasons for high dispensing fees for residents in certain homes and decide whether a change of dispensing policy, such as implementing limitations on frequency of dispensing fees, is required.

Status: In the process of being implemented by the end of 2019.

Details

Our 2017 audit found that, in 2015/16, the Ministry paid pharmacies an average \$1,818 dispensing fee per claim submitted for residents of long-term-care homes. This is more than four times higher than the average dispensing fee of \$422 for all other recipients over the age of 65. During the same year, there were approximately 50 pharmacies whose dispensing fees for recipients in long-term-care homes were greater than the average of \$1,818 per recipient. Of these, 15 were greater than \$2,500 per long-term-care home recipient, five were

almost \$3,000 per recipient, and one was \$3,200 per recipient. The Ministry has not investigated the reasons why these pharmacies were dispensing higher-than-average amounts.

Our 2017 audit also noted that pharmacies in British Columbia receive a monthly capitation fee (that is, a per person flat fee) of \$43.75 for each occupied bed they service in a long-term-care home. If Ontario adopted this model, total dispensing fees paid to pharmacies serving long-term-care homes would be about \$41 million (\$43.75 x 12 months x 78,000 occupied long-term-care home beds), about \$149 million less than what was actually paid in 2015/16.

Since our last audit, the Ministry has reviewed the impact of the October 2015 policy changes to long-term-care-home dispensing fees by comparing the trends between 2007/08 and 2017/18. The review examined expenditures per recipient and compared utilization trends between long-term-care homes and seniors living in the community. However, the review did not examine the reasons for high dispensing fees in certain long-term-care homes as opposed to others.

The Ministry indicated that one of the 2019 government budget proposals included changing the payment model for drug products supplied to long-term-care-home residents by pharmacy service providers. Instead of a fee-for-service model, these pharmacy service providers would receive a fee-per-bed for all pharmacy services provided to a long-term-care home based on the number of beds in the home.

Opioid-Related Overdoses and Deaths Continue to Rise

Recommendation 10

To help reduce the risk of inappropriate prescribing, dispensing and patient use of opioids, we recommend that the Ministry of Health and Long-Term Care:

- *work with Ontario hospitals and the Office of the Chief Coroner for Ontario to link reported*

overdoses and deaths to the Ministry's Narcotics Monitoring System in order to identify whether those patients who suffered from overdoses or died obtained their opioids from legal or illicit sources;

Status: In the process of being implemented by the end of 2019.

Details

In our 2017 audit, we found that although the number of opioid-related overdoses and deaths is on the rise, the Ministry does not know the reasons for these overdoses and deaths, and also does not know whether the patients obtained the opioids from a pharmacist, with a legitimate prescription, or illegally on the street. The opioid overdoses and deaths reported by Ontario hospitals and/or the Office of the Chief Coroner for Ontario have not been linked to the Ministry's Narcotics Monitoring System (System) to identify whether the patients had previously been prescribed or dispensed legal opioids or if they had taken illicit opioids. Having this knowledge would let the Ministry, and other areas of government such as law enforcement on drug trafficking, know where to devote resources.

Since our last audit, in summer 2018, the Ministry completed the linkage of coroner data for the 2015, 2016 and 2017 calendar years with Emergency Department (ED) visits from the National Ambulatory Care Reporting System. Initial findings were shared internally within the Ministry and with the Coroner's Office, and further revisions were made in January 2019.

Linkage of ED visits for opioid overdose with the System, as well as the linkage of coroner data with the System, were completed in March 2019. Data analysis and validation is in progress with report completion targeted for August 2019.

At the time of our follow-up, the Ministry was still working with the Coroner Office to identify whether those patients who suffered overdoses had obtained their opioids from legal or illicit sources. The Ministry indicated that, in some cases, it may be impossible to determine the source of drugs in

an overdose, particularly if legal and illicit drugs were mixed together.

The Ministry expects to report on the results of its data analysis by the end of 2019.

- *consolidate, monitor and analyze data from its key initiatives to determine whether they are successful in reducing the number of individuals suffering from opioid addiction and overdoses, and the number of opioid-related deaths, and report publicly on how the initiatives are achieving their intended purposes.*

Status: In the process of being implemented by the end of 2019.

Details

Our 2017 audit noted that the Ministry has taken several actions to respond to the growing concern over inappropriate opioid use and its health consequences, but the results are still unclear as overdoses and deaths continue to rise.

Since our last audit, the Ministry began developing an internal performance-monitoring framework for its response to the opioid crisis. The framework will provide the Ministry with enhanced and more timely information about the impacts of its key initiatives to address the opioid crisis in four areas: appropriate prescribing and pain management, harm reduction, treatment, and surveillance and reporting. At the time of our follow-up, the Ministry was in the process of finalizing its first performance report, to be completed by the end of 2019. The Ministry was planning to share the reports periodically with relevant partners within the Ministry, but no decision had been made on whether to distribute the first performance measurement report to the public.

Chapter 1

Ministry of Health

Section 1.10

Public Health: Chronic Disease Prevention

Follow-up on VFM Section 3.10, *2017 Annual Report*

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	2	1	1			
Recommendation 2	2			2		
Recommendation 3	1		1			
Recommendation 4	1	1				
Recommendation 5	1		1			
Recommendation 6	4	1	3			
Recommendation 7	4		4			
Recommendation 8	1	1				
Recommendation 9	2		1	1		
Recommendation 10	2	2				
Recommendation 11	2	1	1			
Total	22	7	14	1	0	0
%	100	32	64	4	0	0

Overall Conclusion

As of October 31, 2019, the Ministry of Health (Ministry) had fully implemented 32% of the actions we recommended in our *2017 Annual Report*. The Ministry had made progress in implementing an additional 64% of the recommendations.

The Ministry had fully implemented recommendations such as co-ordinating with the Ministry

of Education to form collaborative and sustainable partnerships between school boards and public health units; requiring public health units to develop measurable program objectives and establish time frames for achieving these objectives; and finalizing the annual funding for public health units as early in the fiscal year as possible. As well, it was in the process of implementing recommendations such as developing a central approach to update, co-ordinate and share research and best practices,

and establishing provincial benchmarks for public health units to use when comparing the cost of significant programs with outcomes.

However, the Ministry had made little progress on one recommendation relating to establishing targets that reflect expected performance to promote continuous improvement.

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

Background

Public health works to promote healthy lifestyle behaviours and prevent the spread of disease. One of public health's functions is to prevent chronic diseases, defined as those that last a long time and generally cannot be prevented by vaccines or cured by medication. Major chronic diseases include cardiovascular and respiratory diseases, cancer and diabetes. The number of people living with these diseases in Ontario has been on the rise.

Research from the Institute for Clinical Evaluative Sciences, an Ontario-based not-for-profit research institute, shows that chronic diseases place a significant cost burden on the health system. According to its 2016 report, physical inactivity, smoking, unhealthy eating and excessive alcohol consumption cost Ontario almost \$90 billion in health-care costs between 2004 and 2013.

Limiting these modifiable risk factors can prevent or delay most chronic diseases. Ontario has had some success in reducing smoking. However, the Province has not placed a similar focus on the other modifiable risk factors to reduce the burden of chronic diseases.

In our 2017 audit we found that there were opportunities for the Ministry of Health and Long-Term Care (now the Ministry of Health) (Ministry), Public Health Ontario (a provincial agency that provides scientific and technical advice to government on public health issues) and the 36 (reduced to 35 in 2018, subsequent to the audit) public health

units (organizations mostly funded by the Ministry that plan and deliver programs and services to reduce the burden of chronic diseases) to work better together to address the key modifiable risk factors of chronic diseases.

Our audit found that significant inefficiencies existed across the public health units because there were no formal systems in place to co-ordinate their activities and share best practices. As well, the Ministry did not assess public health units' performance in chronic disease prevention. Consequently, it could not fully confirm that public health units and all other recipients of considerable provincial funding for chronic disease prevention were making progress in helping Ontarians live longer and healthier lives.

Our other significant concerns were as follows:

- The Province had no overarching policy framework on chronic disease prevention to guide overall program planning and development.
- While the public health units had a mandate to work with schools, the lack of co-ordination at the provincial level had resulted in public health units individually spending resources to build relationships and persuade schools to participate in effective public health programs instead of on service delivery to influence healthy living behaviours in young children.
- Public health units were undertaking research and developing local solutions independently. We noted duplication of effort and instances of variation in the depth of the research and type of information gathered.
- We found that public health units had not all been able to access complete and current epidemiological data to study the patterns, causes and effects of health and disease within populations. Even in instances where the data was available, some public health units did not have the required time and/or staff expertise to review and analyze epidemiological data.

- We noted cases where some public health units did not evaluate new programs, or measure the programs' effectiveness, as required by the Ministry.

We made 11 recommendations, consisting of 22 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, 2019, and June 17, 2019. We obtained written representation from the Ministry of Health that effective October 31, 2019, it has provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Province Has Not Adequately Addressed Risk Factors to Support Healthy Living and Chronic Disease Prevention

Recommendation 1

To most effectively reduce the cost burden of chronic diseases on the health-care system and improve the quality of life for Ontarians, we recommend that the Ministry of Health and Long-Term Care:

- *develop a provincial strategy to guide activities for chronic disease prevention, including setting measurable goals on population health, along with timelines, and defining actions and parties involved to achieve these goals;*

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

Details

In our 2017 audit, we noted that while Ontario had established a number of strategies related to

tobacco, children's health and diabetes, which focused on parts of the population, it did not have a comprehensive provincial strategy on chronic disease prevention that targets the entire population. In comparison, British Columbia has developed a comprehensive public health policy framework.

At the time of our follow-up, the Ministry was developing a comprehensive and co-ordinated provincial approach on chronic disease prevention. The Ministry started this work in January 2017 and expects the next steps to be informed by the second report of the Premier's Council on Improving Healthcare and Ending Hallway Medicine, which was released on June 25, 2019. The Ministry plans to complete the work on the provincial approach by March 2020.

- *publicly report on Ontario's overall population health status.*

Status: Fully implemented.

Details

In our 2017 audit, we noted that Ontario did not have performance measures and related targets to assess the overall population health status. Such measures could include a measurable increase in both physical activity and eating fruit and vegetables, goals that were identified by the province of British Columbia.

At the time of our follow-up, the Ministry was working with Public Health Ontario to make key population health status data publicly available for Ontario overall and by geographical region. The Ministry released the first set of population health status indicators and data summaries through Public Health Ontario's website in 2018:

- chronic disease hospitalization
- emergency department visits for injuries
- hospitalization for injuries
- emergency department visits for neurotrauma
- hospitalization for neurotrauma
- reproductive health
- social determinants of health.

Also, the Ministry released a final set of population health status indicators and data summaries through Public Health Ontario's website in April 2019. This set of indicators and data summaries serves to improve the availability and access to population health status data related to vulnerable populations:

- alcohol-attributable hospitalizations health inequities
- potentially avoidable mortality health inequities
- low birth weight health inequities
- mental health emergency department visits contributed by health inequities (such as residential instability and material deprivation)
- social determinants of health.

Recommendation 2

To encourage that the development of government policies takes into account the effect they have on population health, we recommend that the Ministry of Health and Long-Term Care work with the relevant central agencies to:

- *evaluate the pros and cons of adopting an approach that requires policy-making to evaluate the impact on health;*

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

Details

We reported in 2017 that the Ontario government did not require consideration of health impacts during policy development processes. A Cancer Care Ontario and Public Health Ontario report released in 2012 recommended that the provincial government adopt a whole-of-government approach for primary prevention of chronic disease, including naming a ministerial and senior public service lead to co-ordinate activities between sectors and levels of government for the improvement of health. As well, we noted that Quebec and Finland were amongst jurisdictions around the world that were using the Health in All Policies approach at the

time of our audit. The World Health Organization defines this as an approach that takes into account how government decisions affect population health so that there is more accountability of policy-makers.

At the time of our follow-up, the Ministry was evaluating the pros and cons of adopting an approach that requires policy-making to evaluate the impact on health. The Ministry was reviewing evidence in literature and conducting an analysis of approaches taken in Ontario and other jurisdictions, as well as developing implementation options for consideration. The Ministry expects to complete this work by December 2019.

- *develop a process to integrate this approach into setting policies, where appropriate.*

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

Details

The Ministry informed us that, based on the results of the literature review and analysis, it would determine the next steps for incorporating the findings into the policy agenda and approach of the government. The Ministry expects to develop the process by December 2019.

Recommendation 3

To better address the risk factors that contribute to chronic diseases, we recommend that the Ministry of Health and Long-Term Care develop comprehensive policies to focus on the key risk factors of chronic diseases—physical inactivity, unhealthy eating and alcohol consumption—in addition to tobacco control.

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

Details

In our 2017 audit, we noted that while Ontario had developed comprehensive policies and provided dedicated funding to support tobacco control, it had not done so on other important contributors to chronic diseases, such as physical inactivity, poor

diet and heavy drinking. While the rate of smoking for Ontarians aged 12 and older had gone down from 2003 to 2014, the trends for physical inactivity, inadequate consumption of fruit and vegetables, and heavy drinking of alcohol had remained relatively flat.

A 2016 Institute for Clinical Evaluative Sciences report noted that the lack of physical activity accounted for the largest proportion of total health-care costs, compared with much lower percentages for smoking, diet and alcohol. In the case of physical activity, we found that public health units we visited have placed more emphasis on nutrition-related services than on physical activity-related services. With regard to food consumption, several Ontario-based public health studies have suggested measures that could be implemented to promote a healthy diet, but at the time of our audit the Province had not adopted these measures. These measures include increasing access to fresh food, reducing children's exposure to sugar-sweetened beverages, and preparing children and youth to be competent in food preparation. Public health is tasked with promoting Canada's Low-Risk Alcohol Drinking Guidelines to reduce the burden of alcohol-related illness and disease. However, the Province expanded alcohol sales in grocery stores, farmers' markets and LCBO e-commerce sales channels throughout 2015 to 2019.

At the time of our follow-up, the Ministry had developed and implemented the *Ontario Public Health Standards: Requirements for Programs, Services and Accountability* in January 2018. These standards include new requirements for local public health units to develop and implement chronic disease prevention programs to address the key risk factors including physical inactivity, unhealthy eating, harmful use of alcohol and poor mental health. As mentioned in **Recommendation 1**, the Ministry is considering these risk factors as a part of the comprehensive and co-ordinated provincial approach that it expects to be complete by March 2020.

Lack of Co-ordination and Collaboration in Program Planning and Delivery

Recommendation 4

To support public health units to more efficiently and effectively deliver health promotion initiatives to children and youth, we recommend that the Ministry of Health and Long-Term Care co-ordinate with the Ministry of Education to form collaborative and sustainable partnerships between school boards and public health units.

Status: Fully implemented.

Details

In our 2017 audit, we reported that the Ministry of Health and Long-Term Care and the Ministry of Education generally lacked co-ordination to help public health units efficiently and effectively provide public health programs and services. For example, all four public health units we visited during the audit had to work with schools individually to gain access to the school to help influence healthy living behaviours in young children, with some public health units spending resources to build relationships and persuade schools to participate in programs instead of on actual service delivery. As well, Public Health Ontario abandoned a project to gather information on childhood obesity reduction from select schools and school boards, because it had to negotiate with each of the school boards. A directive from the Ministry of Education to the school boards could have helped in this regard.

At the time of our follow-up, the Ministry had established a Directors Forum with the Ministry of Education to identify opportunities for collaboration in population and public health programs in school settings. The forum has been held four times since September 2018 and will continue to take place every other month.

In addition, the Ministry implemented a new School Health Guideline in April 2018 that outlines approaches for public health units to support effective partnerships and collaboration with school boards and schools. For example, public health

units are required to consider developing memoranda of understanding with local education partners to help implement public health programs and services in schools. The Ministry also implemented a new School Health Standard, which brings together all of the school-based requirements for public health units. Under the new standard, public health units are required to offer support to school boards and schools to implement programs to address needs such as concussions and injury prevention, mental health promotion, violence and bullying, among others.

Recommendation 5

To foster consistency and to avoid duplication in program planning and research for effective, evidence-based public health interventions, we recommend that the Ministry of Health and Long-Term Care work with the public health units and Public Health Ontario to develop a central approach to update, co-ordinate and share research and best practices.

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

Details

In our 2017 audit, we reported that for the most part, public health units undertook research or developed local solutions independently, resulting in duplication of effort. Public health units' senior managers responsible for health promotion and chronic disease prevention, in responding to our survey, indicated a need for central support for updating and/or disseminating research and best practices. While Public Health Ontario has a mandate to provide scientific and technical support for chronic disease prevention, some public health units indicated that either they were aware of the limited capacity at Public Health Ontario or they were under the impression that Public Health Ontario did not provide this kind of support on chronic diseases. As well, program and campaign development was not always centrally co-ordinated. For example, from 2014 through 2016 the four public health units we visited had separately developed or were in the process of developing

a communication campaign to promote physical activity, with no central co-ordination.

In January 2018, the Ministry published the *Ontario Public Health Standards: Requirements for Programs, Services and Accountability*, which include the establishment of a central repository for sharing research evidence and best practices. The Ministry intends to consider the impact of the government's announced public health modernization and broader transformation of the health system on the planned central repository. The Ministry expects to develop a plan to share up-to-date research and best practices with public health units by March 2020.

Public Health Units Do Not Have Sufficient Data or Clear Standards to Effectively Conduct Epidemiological Data Analysis

Recommendation 6

To support public health units to more efficiently and cost-effectively obtain and analyze epidemiological data for program planning and evaluation, we recommend that the Ministry of Health and Long-Term Care, working with Public Health Ontario and the public health units:

- *evaluate the feasibility of centralizing epidemiological expertise that can perform analyses or provide assistance to all public health units;*

Status: Fully implemented.

Details

We noted in our 2017 audit that in response to our survey, some public health units indicated that they do not have the required epidemiologist staff time to review and analyze epidemiological data, and some units do not have any or enough epidemiologists on staff. At the time of our audit, about one-quarter of the 36 public health units reported not having one or more epidemiologists employed full-time since 2014. As well, 21 public health units commented on the need for central support for epidemiology, surveillance and population health assessments.

At the time of our follow-up, the Ministry had worked with Public Health Ontario to develop a provincially defined and centrally provided set of epidemiological data and population health indicators. As mentioned in **Recommendation 1**, the Ministry released the first set of population health status indicators and data summaries displayed by public health units through Public Health Ontario's website in 2018 and a final set of such indicators in April 2019.

- *establish benchmarks for the extent of epidemiological analyses of chronic diseases needed and monitor whether these benchmarks are met;*
Status: In the process of being implemented by December 2019.

Details

In our 2017 audit, we noted that there was no requirement for the amount of epidemiological work needed at public health units. We noted that epidemiologists at two of the public health units we visited had analyzed a small fraction of the purchased epidemiological data from a public health data surveying service administered by a university; one of these public health units had analyzed only five of the 200 modules of data that were available.

At the time of our follow-up, the Ministry had implemented new processes and mechanisms to collect information from each public health unit. Starting in 2018, public health units have been required to submit Annual Service Plans to the Ministry and include information on the required epidemiological resources needed for program planning and evaluation. The Ministry plans to analyze the submitted data by December 2019 in order to establish related benchmarks.

- *approach and work with Indigenous community leadership to obtain epidemiology data that would serve to inform program development to benefit the Indigenous communities in Ontario;*
Status: In the process of being implemented by March 2020.

Details

In our 2017 audit, we noted that public health units with high Indigenous populations did not always have sufficient epidemiological data to conduct robust population health assessments. For instance, public health units did not have birth information for people who live on reserve.

At the time of our follow-up, the Ministry was collaborating with the Sioux Lookout First Nations Health Authority (SLFNHA) and the Weeneebayko Area Health Authority (WAHA) to design and implement a data surveillance system to support public health initiatives for both organizations. SLFNHA and WAHA together represent 39 communities out of a total of 133 First Nations communities in Ontario. SLFNHA and WAHA aim to improve the collection, analysis, dissemination and use of First Nations data in their regions. In addition, the Ministry is planning to implement the following by March 2020:

- collaborating with Mamow Ahyamowen, a data initiative that includes nine First Nations-governed organizations serving 74 Northern Ontario First Nations communities;
 - an information management infrastructure in First Nations communities, such as the Mustimuhw Community Electronic Medical Record; and
 - collaborating with WAHA and SLFNHA epidemiologists, building capacity in epidemiology and aligning indicators with the data collection processes.
- *identify other areas in which relevant data is not consistently available to all public health units, such as data on children and youth, and develop and implement a process to gather needed data.*
Status: In the process of being implemented by December 2019.

Details

We noted in our 2017 audit that there was minimal provincial epidemiological data on children aged six to 12. Although other institutions collect data on

children, data from these sources was not readily available to the public health units or representative of the public health units' populations. Public health units can access information from these sources only if schools specifically grant access to them, or if the public health units pay institutions to increase the sample size to be more representative of their populations of children and youth.

At the time of our follow-up, the Ministry was working with the federal government to obtain more reliable and accurate data at the local level. By getting better representation of children and youth data in the federal government-administered 2019 Canadian Health Survey on Children and Youth, the Ministry is obtaining local results on healthy behaviours in children and youth.

The Ministry is working on using national-level surveys to provide better access to data by public health units by December 2019 in order to assist local planning and evaluation.

Limited and Inconsistent Evaluations of Promotion of Healthy Living and Chronic Disease Prevention Programs

Recommendation 7

To support the public health units to effectively evaluate their chronic disease prevention programs, we recommend that the Ministry of Health and Long-Term Care:

- *develop guidance material on program evaluations and require all public health units to follow common, evidence-based evaluation principles;*
Status: In the process of being implemented by March 2020.

Details

In our 2017 audit, we noted that the Ministry simply instructed public health units to “use a range of methods” to evaluate chronic disease prevention programs but did not require them to use any established evaluation methodology. As a result, public

health units had separately developed evaluation guidelines and templates and independently decided on acceptable levels of rigour.

At the time of our follow-up, we noted that the Ministry had updated the program evaluation requirements for public health units, which came into effect in January 2018. Public health units are now required to incorporate evidence-based evaluation principles into their program planning and report back to the Ministry through the Annual Service Plans.

In addition, the Ministry entered into an agreement to provide grant funding of up to \$1 million beginning in April 2018. The Ministry expects this project to produce the following guidance materials by March 2020:

- chronic disease prevention evaluation guidelines;
 - standardized tools to support implementation of the guidelines; and
 - online materials for education and training to evaluate chronic disease and prevention programs and initiatives.
- *monitor the public health units' efforts to increase their ability to conduct evaluations;*
Status: In the process of being implemented by December 2019.

Details

In our 2017 audit, we noted that most public health units in 2015 had self-assessed their program evaluation ability as “developing,” with none having ranked themselves as having established evaluation capacity. When public health units do not have the necessary capacity to evaluate their programs, the evaluations could lack depth and coverage to effectively measure whether the chronic disease prevention programs have been successful in achieving intended outcomes.

At the time of our follow-up, the Ministry had implemented new processes to monitor public health unit evaluation activities through the Annual Service Plans, which include activities that public

health units propose to conduct over the course of the year, and the Annual Reports, which include activities that were actually conducted as well as information on health outcomes. The Ministry expects to complete the review of public health units' 2018 Annual Reports by December 2019.

- *ensure public health units evaluate programs as per Ministry requirements;*

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

Details

We reported in 2017 that the four public health units we visited did not always conduct program evaluations as per Ministry requirements to support the establishment of new programs and services, assess whether evidence-informed programs are carried out with the necessary reach, intensity and duration, or document the effectiveness and efficiency of programs and services. At one public health unit, just three of its 42 chronic disease prevention programs and services introduced in the last three years had been evaluated.

At the time of our follow-up, the Ministry expected public health units to submit the 2018 Annual Reports to it by the end of June 2019. The Ministry intends to review the submissions and follow up with public health units as needed by December 2019. The Public Health Funding and Accountability Agreement allows the Ministry to enforce public health units' compliance with the *Ontario Public Health Standards* through recovery and/or discontinuance of funds.

- *establish provincial benchmarks for public health units to use when comparing the cost of significant programs with outcomes.*

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

Details

We noted in our 2017 audit that none of the program evaluations we reviewed compared the cost or investment in the program with the benefits

received to assess program cost-effectiveness. As well, almost three-quarters of the senior chronic disease prevention staff who responded to our survey indicated that their evaluation of chronic disease prevention programs or services did not compare or attempt to compare costs to benefits.

At the time of our follow-up, we noted that the Ministry had implemented new processes and mechanisms as of January 2018 to collect information on program outcomes and costs. The Ministry is monitoring program costs through the quarterly reports that the public health units submit, which include explanation of variances higher than 3% between forecast and budget. The Ministry indicated that it received the 2018 Annual Reports for the majority of public health units by the end of June 2019 and was in the process of reviewing these reports and following up with the remaining public health units. The Ministry intends to analyze program outcomes and costs in these submissions and establish related provincial benchmarks by March 2020.

Recommendation 8

To effectively measure the impact of chronic disease prevention programs and services, we recommend that the Ministry of Health and Long-Term Care require public health units to develop measurable program objectives and establish timeframes for achieving these objectives.

Status: Fully implemented.

Details

In our 2017 audit, we reported that all four public health units we visited had documented the objectives and intended results of their chronic disease prevention programs to varying degrees, but they did not always have measures in place for these objectives or provide a time frame for achieving these objectives. As well, senior chronic disease prevention staff at 45% of public health units responding to our survey noted that progress against performance objectives related to chronic disease is only sometimes or rarely tracked in a meaningful

way. The Ministry did not monitor whether the public health units were, in fact, staying informed about health behaviour trends as required.

At the time of our follow-up, we noted that the Ministry had implemented the *Ontario Public Health Standards* in January 2018 that require public health units to develop and implement chronic disease prevention programs and to report to the Ministry on their specified program objectives, as well as time frames for achieving those objectives, starting in the public health units' 2018 Annual Reports. The Ministry indicated that it received the 2018 Annual Reports for the majority of public health units by the end of June 2019 and was in the process of reviewing these reports and following up with the remaining public health units.

Performance of Public Health Units Not Sufficiently Measured and Reported

Recommendation 9

To properly measure the public health units' performance in delivering their health promotion programs and services, we recommend that the Ministry of Health and Long-Term Care:

- *put in place relevant indicators that are linked to the planned new Ontario Public Health Standards and that measure areas attributable to the public health units;*

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

Details

In our 2017 audit, we noted that the Ministry expected to implement the new *Ontario Public Health Standards* in January 2018, with the finalization of the performance indicators to follow. We also noted that between 2014 and 2016, the Ministry required all 36 public health units to report their annual performance on 10 health-promotion performance indicators. However, those indicators were not solely attributable to the work of the public health units, some indicators were not meaning-

ful, and the suite of indicators did not fully measure all key risk factors affecting chronic diseases.

At the time of our follow-up, the Ministry had developed and released a Public Health Indicator Framework that includes a set of indicators that are linked to the 2018 *Ontario Public Health Standards* and measure areas attributable to the public health sector. The Ministry is also in the process of collecting from public health units a list of locally determined program outcome indicators related to their delivery of health promotion programs and services, examples of which include:

- number of participants who completed a structured program on diabetes and increased their knowledge of healthy eating and physical activity; and
- number of public engagements through social media channels on healthy eating.

The Ministry plans to consider refining the Public Health Indicator Framework to align with public health modernization by March 2020.

- *establish targets that reflect expected performance to promote continuous improvement.*

Status: Little or no progress.

Details

In our 2017 audit, we noted that the Ministry had not established targets in areas including alcohol use, tobacco use and injury prevention to help drive performance improvement at the public health units. Instead, it simply collected the data as reported.

At the time of this follow-up, the Ministry informed us that it would monitor the implementation of the Public Health Indicator Framework to inform next steps related to the establishment of targets to promote continuous improvement.

Recommendation 10

To continually improve the accountability and transparency of the public health sector's performance, we recommend the Ministry of Health and Long-Term Care:

- *publicly report on the public health units' performance, including annual results and targets of their performance indicators;*

Status: Fully implemented.

Details

In our 2017 audit, we noted that while some public health units individually reported their performance on the 10 health promotion indicators to their Board of Health through meetings that are open to the public, the Ministry did not publicly report the performance results of all public health units. Respondents to our survey expressed that the Ministry should publicly release overall data so that the public health units can compare individual unit performances with other units' results and the provincial results.

At the time of this follow-up, the Ministry had implemented the 2018 *Ontario Public Health Standards*, which require boards of health to publicly post on their websites their Strategic Plan and Annual Performance and Financial Report. Since 2018, all but one board of health have been publishing their current public health units' performance on their websites. In the case of the remaining board of health, the latest information on its website is from 2015.

- *develop a procedure to monitor the amount of their resources public health units invest in chronic disease prevention programs against the outcomes of those programs.*

Status: Fully implemented.

Details

We reported in our 2017 audit while the 36 public health units reported that they devoted on average 12% of full-time equivalent staff to chronic disease prevention in 2016, 17 devoted less than the provincial average, with three health units devoting 6% and two health units devoting up to 20% of their full-time equivalents to chronic disease prevention. The Ministry does not know whether these differences are justified, and cannot demonstrate that provincial funding on chronic disease prevention

has resulted in positive outcomes on each public health unit's overall program objectives.

At the time of our follow-up, the Ministry had developed and implemented a process to monitor the amount of board of health resources invested in chronic disease prevention programs against the outcomes of those programs. Under the 2018 *Ontario Public Health Standards*, public health units are required to report to the Ministry on all costs associated with their chronic disease prevention programs as well as their locally developed outcome indicators.

Full Rollout of Needs-Based Funding Model May Take Up to 10 Years

Recommendation 11

To reduce funding inequities among public health units and to support proper planning for programs and services, we recommend that the Ministry of Health and Long-Term Care:

- *expedite its application of the model on public health units' funding developed by the Funding Review Working Group or establish a new funding approach that supports more equitable funding for public health units;*

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

Details

In our 2017 audit, we noted that the Ministry estimated that it could take 10 years to ensure public health funding is more equitably allocated to all health units using the model developed by the Funding Review Working Group.

At the time of our follow-up, the Ministry advised us that a new approach to funding was required, based on the revised version of the *Ontario Public Health Standards*. In August 2019, the Ministry notified boards of health and public health units of a revised public health modernization implementation plan and funding approach for

the 2020 funding year. Effective January 1, 2020, public health funding will move to a 70% provincial and 30% municipal cost-sharing arrangement, which will be applied consistently across all public health units and municipalities and be based on actual costs incurred at the local level, to ensure equitable funding. The Ministry of Health also noted that it would provide one-time funding in the first year to public health units so that municipalities would not experience an increase of more than 10% over their current public health costs as a result of the cost-sharing change.

- *finalize the annual funding for public health units as early in the current fiscal year as possible.*

Status: Fully implemented.

Details

In our 2017 audit, we noted that the Ministry generally did not finalize funding decisions for the public health units until the last quarter in the year. This left very little time for the public health units to deal with any unexpected changes in funding in order to plan for programs and services.

At the time of our follow-up, we noted that the Ministry had announced the fiscal year 2018/19 funding investments for boards of health in April 2018. The Ministry notified boards of health of their specific funding allocations in May 2018.

Chapter 1

Ministry of Infrastructure

Section

1.11

Real Estate Services

Follow-Up on VFM Section 3.11, 2017 Annual Report

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	3			3		
Recommendation 2	3	3				
Recommendation 3	2	1	1			
Recommendation 4	4	1	2	1		
Recommendation 5	3	2	1			
Recommendation 6	2		1	1		
Recommendation 7	1		1			
Recommendation 8	2		2			
Recommendation 9	2		1	1		
Recommendation 10	1		1			
Recommendation 11	2	2				
Recommendation 12	2			2		
Recommendation 13	1			1		
Total	28	9	10	9	0	0
%	100	32	36	32	0	0

Overall Conclusion

According to the information provided to us by Infrastructure Ontario, the Ministry of Government and Consumer Services, and the Ministry of Health, 32% of the actions we recommended in our 2017 Annual Report had been fully implemented as

of July 4, 2019. The two ministries and Infrastructure Ontario made progress in implementing an additional 36% of the recommendations.

The ministries and Infrastructure Ontario fully implemented recommendations such as reviewing and confirming that external project managers have valid reasons for revising project-completion dates, and creating plans to provide ministries and

agencies with timely information on the volume, frequency and type of operating and building maintenance services they receive.

Recommendations that the ministries and Infrastructure Ontario were in the process of implementing include reviewing initial cost estimates to ensure they are reasonable for prioritizing which capital projects to fund, and establishing and implementing a plan to reduce deferred maintenance in government-owned buildings.

However, they had made little progress on 32% of the recommendations, including incorporating past performance when evaluating bidders, and reviewing and prioritizing properties for potential and future investment to improve accessibility for Ontarians with disabilities.

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

Background

The Ontario Infrastructure and Lands Corporation (Infrastructure Ontario) is a Crown agency under the Ministry of Infrastructure (Ministry). One of Infrastructure Ontario's responsibilities is to manage real estate owned or leased by Ontario government ministries and some agencies (government properties).

Infrastructure Ontario is responsible for helping client ministries and agencies find space by either matching their needs to available space in government properties, or by leasing other space in the private sector. It is also responsible for managing these properties, including the costs of cleaning, repairs and maintenance, security, utilities, property taxes, and, for government-owned properties, their sale or demolition.

Further, Infrastructure Ontario is responsible for overseeing capital projects, namely the construction, rehabilitation and renovation of government properties.

About 9% of government properties, based on rentable square feet as of March 31, 2019 (9%

in 2017), were procured through the Alternative Financing and Procurement (AFP) model. A number of hospitals are maintained through AFP agreements, and, while Infrastructure Ontario is not directly involved in managing hospitals' AFP agreements, it offers guidance to the hospitals when requested.

Our audit in 2017 determined that Infrastructure Ontario's management of government properties was negatively impacted in part by weaknesses in the Enterprise Realty Service Agreement (Agreement) between Infrastructure Ontario and the Ministry of Infrastructure. The Agreement does not set out any mandatory, minimum standard of performance for managing the costs of capital projects. In addition, it sets out no timelines for meeting the accommodation standard for office space designed to ensure that existing government properties are used efficiently, or for maintaining the state of government-owned properties to the Agreement's standard.

Overall, our audit found the following concerns:

- Deferred maintenance of government buildings more than doubled, from \$420 million as of March 31, 2012, to \$862 million as of March 31, 2017. Over the six years prior to our audit, the condition of government properties had deteriorated from excellent to almost poor as measured by the industry standard.
- The design of one Request for Proposals (RFP) in 2014 attracted only three bids for the management of 7,500 capital projects worth \$900 million over five years. The RFP divided the province into two areas, which could only be handled by large companies.
- Infrastructure Ontario did not obtain enough information from its two project managers to assess whether procurements of vendors for client ministry and agency capital projects were done in a competitive and fair manner.
- Infrastructure Ontario informed us that its initial cost estimates for capital projects were limited because they did not factor in the additional costs that might be incurred to address actual site conditions. However, it

used these estimates for prioritizing which projects to do for the current year and the next two years. Since subsequent estimates and the actual cost of the projects tend to be significantly higher than the initial cost estimates, Infrastructure Ontario was not prioritizing projects based on complete cost estimates. This could increase the risk of selecting projects that did not yield the highest cost-benefit.

- Project managers were not held accountable for meeting the original project completion dates. Project managers could revise project completion dates while the project was ongoing and Infrastructure Ontario did not track these dates.
- Over \$170 million in office accommodation costs could be saved annually if effective steps were taken to reduce the space occupied per government staff person to comply with the 2012 Office Accommodation Standard of 180 rental square feet per person set by the Ministry of Infrastructure. Neither the Ministry nor Infrastructure Ontario had set a goal for when this standard should be met.
- Almost \$19 million was spent in 2016/17 on operating and maintaining 812 vacant buildings. We found that about 600 of the 812 buildings had been vacant for an average of almost eight years. Infrastructure Ontario could not readily determine when the other 212 buildings became vacant.
- Management at hospitals we spoke to were involved in long-term, ongoing disputes with private-sector companies over interpretations of the maintenance portion of their AFP agreements.

We made 13 recommendations, consisting of 28 action items, to address our audit findings.

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

Status of Actions Taken on Recommendations

We conducted assurance work between March 2019 and June 2019. We obtained written representation from Infrastructure Ontario, the Ministry of Government and Consumer Services, and the Ministry of Health, formerly the Ministry of Health and Long-Term Care, that effective July 4, 2019, they had provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Limited Competition for the Procurement of Project Management Services

Recommendation 1

We recommend that Infrastructure Ontario review and adjust accordingly its process for procuring project management services to:

- *formally prepare a new business case on whether to enable more project management companies in the future to bid on such services;*
Status: Little or no progress.

Details

Our 2017 audit found that the structure of Infrastructure Ontario's public Request for Proposal (RFP) in 2014 to select external project managers for the management services of 7,500 capital projects worth \$900 million over five years did not attract a broad range of bidders. This RFP was most suited to bids from larger project-management companies that could manage a large amount of work across many areas of the province. Due to the structure of the RFP—which divided the province into two areas—only three bids were received, all from large companies.

At the time of this follow-up, Infrastructure Ontario was in the process of negotiating an extension of project-manager contracts while it develops

a business case by March 2021, in time for the next planned procurement of project-management services in 2022.

- *include standard penalties for all contract managers on future RFPs;*

Status: Little or no progress.

Details

Our 2017 audit found that one of the two companies from which Infrastructure Ontario chose to procure services had performed poorly in its previous contract between 2011 and 2014. Furthermore, the penalties for poor performance, such as projects not on time, on budget or of poor quality, in the company's new contract were lower than in the new contract awarded to the company that had performed better. The penalty rates were different because each company was allowed to choose its own rate.

In advance of the next management services procurement in 2022, Infrastructure Ontario plans to develop a business case by March 2021 that will consider standard penalties.

- *incorporate past performance in the evaluation of the bidders.*

Status: Little or no progress.

Details

Our 2017 audit found that Infrastructure Ontario did not consider past performance of bidders when it assessed the three bids on a 2014 RFP. This resulted in Infrastructure Ontario procuring services from a project-management company that had performed poorly in a previous contract between 2011 and 2014. For example, it received low scores on Infrastructure Ontario's client-satisfaction survey over those years, and failed to meet key performance measures for staying on budget and completing projects on time.

In advance of the next management services procurement in 2022, Infrastructure Ontario plans to develop a business case by March 2021 that will consider past performance when evaluating bidders.

Better Oversight Needed of External Project Managers' Procurement Practices

Recommendation 2

We recommend that Infrastructure Ontario obtain sufficient procurement data from external capital project managers, including all bids, change orders and bid evaluations to:

- *establish a risk-based process to review procurements carried out by capital project managers;*

Status: Fully implemented.

Details

Our 2017 audit reported that over the six years ending in the 2016/17 fiscal year, Infrastructure Ontario spent over \$1 billion on procurements for capital projects, but did not normally obtain key documentation on procurements, such as bids and evaluations of vendor bid submissions, performed by its external project managers. Between the 2011/12 and 2016/17 fiscal years, procurement staff at Infrastructure Ontario reviewed only 3% of contracts procured by external project managers from vendors of record. The contracts were chosen based on a staff person's judgment and random selection rather than on consistent risk criteria, partly because Infrastructure Ontario did not have enough information on the procurements to do a risk-based sample selection.

At the time of this follow-up, Infrastructure Ontario had developed a service-provider audit program, which contains audit sample selection thresholds and criteria to review procurements through a risk-based approach. The sample size for all types of procurements carried out by external project managers is six per quarter, and eight per quarter for procurements carried out by external property and land managers. The selection of procurement sample to be audited will be determined based on a number of risk factors such as manually selected vendors (vendors manually selected to participate in a procurement), disqualification (whether a vendor has been disqualified during the

procurement), and low technical score (whether at least one evaluated vendor failed the technical component). Since the implementation of the service-provider audit program, Infrastructure Ontario has reviewed 6% of the contracts.

- *confirm that its procurement policies result in sufficient competition among bidders;*

Status: Fully implemented.

Details

Our 2017 audit found that about 78% of the procurements in our sample attracted three or more bids while 22% attracted only two bids. All of our sampled procurements consisted of projects with estimated costs of over \$600,000.

During our follow-up, Infrastructure Ontario informed us that it identified two or more bids as being sufficient for its vendor-of-record procurements, with four or more bids being optimal. We found that Infrastructure Ontario began analyzing the bidding data from April 2018 to June 2019, after the establishment of its new vendor-of-record in 2017, and identified that 84% of the procurements attracted three or more bids while 15% attracted only two bids.

- *confirm that contracts for capital projects are awarded to the most qualified bidders. Infrastructure Ontario should then adjust its policies accordingly if needed.*

Status: Fully implemented.

Details

Our 2017 audit found that Infrastructure Ontario does not obtain enough information from its external project managers to assess whether procurements are done in a competitive and fair manner. Specifically, Infrastructure Ontario did not track how many vendors bid on capital projects, or which vendors won.

At the time of our follow-up, Infrastructure Ontario had analyzed the procurement data from April 2018 to June 2019 and noted that since the establishment of the new vendor-of-record in 2017,

there were fewer optimal competitive procurements due to the legal changes with the architectural and engineering consultant contracts. These contractual issues were resolved with industry associations in 2018. It is Infrastructure Ontario's expectation that there will be an increase in optimal competition for these procurements.

Recommendation 3

In order to ensure the fair and economical procurement of project contractors, we recommend that Infrastructure Ontario:

- *obtain sufficient information on procurements conducted by external project managers, and analyze this information to determine whether there are any trends that suggest non-cost-effective procurement practices; for example, too few vendors bidding or a large portion of projects being awarded to only a few vendors;*

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

Details

Our 2017 audit found that Infrastructure Ontario did not obtain enough information from its external project managers to assess whether procurements were being done in a competitive and fair manner. Specifically, Infrastructure Ontario did not track how many vendors bid on capital projects, or which vendors won. Vendors were normally selected through a vendor-rotation process operated by an electronic bidding service that invited vendors of record to bid on projects.

However, since the 2013/14 fiscal year, Infrastructure Ontario has allowed its external project managers to select vendors from its vendor-of-record list and manually add them to the list of bidders. We identified 321 projects, worth nearly \$49 million, between the 2013/14 and 2016/17 fiscal years awarded to companies that were manually added to the list of bidders by external project managers.

At the time of this follow-up, Infrastructure Ontario had updated its vendor-of-record lists for

general contractors, engineering, architectural and interior-design consultants in 2017. Infrastructure Ontario is making system configurations in Biddingo—an online bidding platform—to collect more information from the external project managers. Some of the information to be collected includes whether the vendor was manually selected, date of manual selection, valuation reports, closing date for bids, and estimated/actual contract value. The new interface went live in May 2019, the external project managers and procurement staff have been trained, and the collection of data will follow and include an analysis of trends related to non-cost-effective procurement practices by Infrastructure Ontario. The first analysis will be completed by March 2020.

- *implement its planned controls over external project managers manually adding vendors to identify any potential conflicts of interest in this process.*

Status: Fully implemented.

Details

Our 2017 audit found that vendors were normally selected through a vendor-rotation process operated by an electronic bidding service that invited vendors of record to bid on projects in a fair manner. However, since the 2013/14 fiscal year, Infrastructure Ontario had allowed its external project managers to select vendors from its vendor-of-record list and manually add them to the list of bidders. We identified 321 projects worth nearly \$49 million between 2013/14 and 2016/17 awarded to companies that were manually added to the list of bidders by the external project managers.

At the time of this follow-up, Infrastructure Ontario had implemented a control for the manual additions that requires approval as well as the reasons for manually selecting vendors before allowing the vendors to be manually added. Infrastructure Ontario also issued a conflict-of-interest agreement in May 2019 and it was signed by all project managers, requiring the project managers on an

ongoing basis to inform Infrastructure Ontario of any conflicts that arise.

Ineffective Measures to Hold External Project Managers Accountable for Controlling Costs and Time to Complete Projects

Recommendation 4

In order to ensure capital projects planning uses reliable estimates to achieve cost-effective projects, we recommend that Infrastructure Ontario:

- *review initial cost estimates to ensure they are reasonable for prioritizing capital projects to be funded;*

Status: In the process of being implemented by June 2020.

Details

Our 2017 audit found that Infrastructure Ontario considered preliminary estimates and available funding to prioritize which projects to do in the current year and the next two. Infrastructure Ontario informed us that the initial cost estimates derived from its asset-management system were limited as they did not factor in the additional costs that might be incurred to address actual site conditions. The engineering firm that we contracted with to advise us also agreed with this assessment. Since subsequent estimates and the actual cost of the projects tended to be significantly higher than the initial cost estimates, Infrastructure Ontario was not prioritizing projects based on complete cost estimates. This could increase the risk of selecting projects that did not yield the highest cost-benefit.

At the time of our follow-up, Infrastructure Ontario had engaged a third-party consultant to review the project-budget estimating and performance-monitoring processes of delivered projects. The review recommended incorporating more contingencies in project estimates to reduce the risk of cost adjustments after the project-planning stage. However, Infrastructure Ontario is in the process of

assessing whether other components included in its project cost estimates are reasonable and whether the increase in contingent amounts had improved the accuracy of its estimates for planning purposes. Infrastructure Ontario plans on completing the assessment by June 2020.

- *confirm that the external property and land manager and external project managers are complying with the provisions of their contracts or Master Services Agreement that expect their estimates of project costs to be within a certain percentage of actual costs, and take corrective action where necessary;*

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

Details

Our 2017 audit noted that Infrastructure Ontario's Master Services Agreement with the external property and land manager stated that each business plan estimate prepared by the manager should, when compared with actual costs, differ by no more than plus or minus 20%. Infrastructure Ontario had not been tracking whether the external property and land manager was meeting this provision. Infrastructure Ontario used the external project managers' cost estimates to evaluate whether a project was "on budget." As per Infrastructure Ontario's agreement with the external project managers, actual costs were expected to be within 5% of the pre-tender estimates. Again, Infrastructure Ontario did not measure external project managers' compliance with this provision of the contract.

At the time of our follow-up, Infrastructure Ontario had amended the contracts with both the external project manager and external property and land manager to allow for up to 30% variance when comparing actual project costs with business-plan estimates. Infrastructure Ontario will begin monitoring this amount through a key performance indicator starting in April 2020. Infrastructure Ontario was currently monitoring the projects' post- and pre-tender estimates.

- *re-evaluate and update future contracts to provide sufficient incentives to external project managers to complete capital projects on time and on budget;*

Status: Little or no progress.

Details

In our 2017 audit, we found that minimal incentives existed for external project managers to manage costs and to complete projects on time. Their performance pay for a project coming in on budget, that is, between the post-tender estimate and actual cost, was only about 0.5% of the total management fee for the project. Moreover, external project managers received less performance pay (in effect, they were financially penalized) if they underspent by more than 5% of total allocated project funding by the end of the fiscal year, because funding could not be carried forward to the next fiscal year. External project managers were not held accountable for meeting the original completion dates, and Infrastructure Ontario did not track these dates. Our review of a sample of capital projects completed between April 2013 and March 2017 indicated that these capital projects, which cost \$76 million, were completed on average about 330 days later than originally scheduled.

In our follow-up, we found that Infrastructure Ontario issued a request for proposal in November 2018 to engage consulting services to review its service-provider contracts and service-delivery model, which includes a review of the *2017 Auditor General Report* and to recommend improvements. The consultant's report is expected to be completed by the 2020/21 fiscal year. Infrastructure Ontario will consider implementation of the consultant's recommendations for future service agreements.

- *review and confirm that external project managers have valid reasons for revising project completion dates.*

Status: Fully implemented.

Details

Our 2017 audit found that external project managers could revise project completion dates multiple times while the projects were ongoing, but Infrastructure Ontario did not always ensure there were valid reasons for the revisions. We reviewed a sample of projects that cost \$143.5 million, completed between April 2013 and March 2017, where the planned completion date exactly matched the actual completion date. We found that in nearly half of the sample, project-completion dates had been revised after the original completion date had passed. For many of these projects, the reason provided by the external project manager was that the change was made to align the planned project completion date to the actual completion date. Infrastructure Ontario required that 90% of projects meet set completion dates in order for external project managers to receive the maximum performance pay.

At the time of our follow-up, Infrastructure Ontario had created a working group with external manager stakeholders and Infrastructure Ontario staff to review internal processes. A guideline was subsequently developed and implemented in 2018 that outlines which reasons are acceptable for schedule revisions, and which are not. The guideline also requires external managers to provide a description and relevant supporting documentation when they revise project schedule dates. These reasons include new or additional work not included in the original scope, unusual or adverse weather conditions, and changes to reductions or standards.

Lack of Information Provided to Ministries and Agencies on Operating and Maintenance Services

Recommendation 5

To support client ministries and agencies in confirming that they are receiving value for money on operating and maintenance services, and consistent with the requirements in the Memorandum of Understanding between Infrastructure Ontario and

the Ministry of Infrastructure, we recommend that Infrastructure Ontario:

- *renew all operating and maintenance agreements between itself and client ministries;*
Status: In the process of being implemented by March 2020.

Details

In our 2017 audit, we found that all operating and maintenance agreements that were created in 2007 between Infrastructure Ontario and client ministries and their agencies for services, including snow removal, cleaning, security, landscaping, and maintenance of building components, expired in 2015.

At the time of our follow-up, Infrastructure Ontario indicated that it has shared an updated Enterprise Realty Service Agreement with the Ministry of Government and Consumer Services. If this is approved it would replace the prior operating and maintenance agreements that had expired in 2015. The Ministry plans to implement the updated agreement by March 2020.

- *implement its plans to provide ministries and agencies with timely information on the volume, frequency and type of operating and maintenance services that they will receive, and have received, by building;*
Status: Fully implemented.

Details

Our 2017 audit found that Infrastructure Ontario provided insufficient information on operating and maintenance services to its client ministries and agencies. Infrastructure Ontario's external property and land manager was required to arrange operating and maintenance services for Infrastructure Ontario's client ministries and agencies, which would then pay Infrastructure Ontario for the services. However, invoices received by client ministries did not provide sufficient information on the volume and types of services they were paying for. Ministries informed us that they could not determine whether they were receiving the services paid

for because they were not provided with building-specific information on what services they were supposed to be receiving.

In our follow-up, we noted that Infrastructure Ontario implemented in 2019 a customer-service portal that shows the volume, frequency and type of services that ministries and agencies should receive for all properties to allow them to determine whether they are receiving the amount and type of services they are paying for.

- *actively work with its external property and land manager to review and analyze the significant increases in operating and maintenance costs, and implement improvements needed to minimize such costs for client ministries.*

Status: Fully implemented.

Details

Our 2017 audit found that, since 2015, Infrastructure Ontario has been required to annually compare operating and maintenance costs against industry benchmarks, specifically data from the Building Owners and Managers Association (BOMA), which has average building-cost data for Toronto. At the time of our audit, Infrastructure Ontario had only performed this cost comparison once, for the 2015 calendar year, and only for the 17 government-owned buildings in Toronto. Repair and maintenance costs and utilities are the largest components of total operating and maintenance costs, representing 60% of the total. We compared BOMA's cost data for Toronto buildings with all government-owned buildings within Toronto over the last three years. While cost categories, such as security and cleaning, were lower in government properties than BOMA's average cost, we found that repair, maintenance and utilities in government-owned properties were consistently higher than the BOMA average.

In our follow-up, we found that Infrastructure Ontario had, in October 2018, shared information with the Chief Administrative Officer forum on how to offset increasing operating and maintenance

expenses, such as wages and energy utility rates. For example, it suggested negotiating price reductions directly with existing service providers and implementing a program aimed at reducing energy consumption.

Funding Shortfalls Having Detrimental Effect on Building Conditions

Recommendation 6

For government properties to be economically and efficiently maintained, we recommend that the Ministry of Infrastructure work with Infrastructure Ontario to:

- *assess and revise base rents to match the projected cost of future capital repairs to properties and funding parameters for Infrastructure Ontario's fees;*

Status: Little or no progress.

Details

Our 2017 audit found that capital repair funds collected from client ministries through base rents were used instead to fund Infrastructure Ontario's operating costs for managing government properties. Infrastructure Ontario used a total of \$202 million over six years from base rent to pay for its operating costs. While this is not explicitly prohibited under the Enterprise Realty Service Agreement between Infrastructure Ontario and the Ministry, it had led to a further deterioration of government-owned buildings.

The Ministry of Government and Consumer Services did an assessment of base rents in the 2014/15 fiscal year. However, the tenant ministries were reluctant to agree to increase them to match the projected cost of future capital repairs because this would result in cost increase for tenant ministries. As a result, in our follow-up we noted that the Ministry is developing other approaches, such as having a new portfolio model to centralize decision-making, consolidating office space and eliminating

duplication in facility management, to help address the capital repair funding gap.

- *establish and implement a plan to reduce deferred maintenance in government-owned buildings. (We made a similar recommendation in our 2006 Annual Report.)*

Status: In the process of being implemented by March 2024.

Details

Our 2017 audit noted that an increasing amount of maintenance work on government-owned buildings had been deferred due to funding shortfalls, which had led to the deteriorating condition of buildings, additional costs and affected service delivery. As of March 2017, the amount of lifecycle maintenance work grew to \$862 million.

In our follow-up, we found that the Ministry of Government and Consumer Services and Infrastructure Ontario were implementing initiatives to reduce the amount of deferred maintenance, such as reconstructing the Queen's Park complex, streamlining the disposal of properties, and minimizing the footprint of government properties. The reconstruction of the Queen's Park complex, currently estimated to be completed in 2024, is expected to result in a reduction of \$400 million in deferred maintenance.

Government Properties Could be Used More Efficiently

Recommendation 7

To improve the efficiency of the use of office space by government ministries and agencies, we recommend that Infrastructure Ontario consistently prepare and present client ministries and agencies with an office space options analysis at the time of a lease renewal or when a client ministry or agency is moving. Such an analysis should be informed by up-to-date and complete occupancy data for buildings within the

Province's real estate portfolio. (We made a similar recommendation in our 2006 Annual Report.)

Status: In the process of being implemented by December 2020.

Details

At the time of our 2017 audit, we noted that in 43% of the 102 cases of a client ministry or agency moving or renewing a lease in 2015/16, Infrastructure Ontario did not produce an options analysis. In 38% of the cases in which it did do an analysis, Infrastructure Ontario did not recommend an option that reduced the space usage to meet the standard of 180 square feet per person. Furthermore, we noted that while Infrastructure Ontario had data on the number of people within a building, this data was not consistently broken down by the number of people occupying each floor.

At the time of our follow-up, Infrastructure Ontario had enhanced its analysis with recommendations for all existing lease expiries and new space requests. Infrastructure Ontario had also included additional sections to its analysis templates to make lease and space information more transparent. Where available, Infrastructure Ontario is now using master occupancy drawings to look at how office space can be used more effectively. At the time of our follow-up, Infrastructure Ontario had developed master occupancy drawings for 135 buildings, or 71%, (compared to 34 buildings, or 44%, in 2017) of the total rentable square footage of its portfolio. Drawings for the remaining 402 buildings, or 29% of the total rentable square footage, are expected to be completed by December 2020.

Recommendation 8

To save on the annual operating cost of vacant buildings, we recommend that Infrastructure Ontario:

- *track the dates of all vacancies;*

Status: In the process of being implemented by May 2020.

Details

Our 2017 audit found that Infrastructure Ontario incurred \$18.9 million in rent paid to third parties, property taxes and operating and maintenance costs for 812 vacant buildings across the province in 2016/17. We also noted that Infrastructure Ontario did not consistently track how long buildings were vacant, but we found about 600 of the 812 had been vacant for an average of almost eight years. Vacancy dates for the remaining 212 buildings were not readily available.

During our follow-up, we found that Infrastructure Ontario had implemented an interim solution that allows it to track the vacancy date of a building when a ministry vacates the lease in a given building. Infrastructure Ontario is working to implement by May 2020 a long-term solution to automatically capture vacancy dates at the individual lease level.

- *follow its current building divesting plan and revise the plan, as necessary, to include all vacant buildings intended for disposal. (We made a similar recommendation in our 2006 Annual Report.)*

Status: In the process of being implemented by December 2022.

Details

Our 2017 audit found that Infrastructure Ontario was behind schedule in its 10-year divestment plan, which was developed in 2015/16 to sell or otherwise dispose of about 907 buildings.

In July 2018, Infrastructure Ontario re-examined in detail the 812 vacant buildings in its 10-year divestment plan and found that 38 had been demolished, 52 had been sold or otherwise disposed of, 213 were verified to be in use, 85 were ancillary buildings (that is, storage sheds, detached garages, grain bins) that were part of primary buildings, and 193 were buildings that cannot be divested because they were on properties that were in use. Thus, there were 231 vacant buildings remaining to be sold or disposed of.

In December 2018, the 10-year divestment plan was replaced by a four-year Accelerated Divestment Plan, which is currently under way. Since then, an Order-In-Council has been approved to divest a total of 339 buildings, by December 2022.

No Plan Yet to Make Government Properties More Accessible

Recommendation 9

We recommend Infrastructure Ontario, in conjunction with the Ministry of Infrastructure:

- *assess the current level of accessibility of government properties;*

Status: In the process of being implemented by July 2022.

Details

In our 2017 audit, we noted that Infrastructure Ontario had not assessed the accessibility of its current government properties. However, it had indicated that it was compliant with the requirements of the *Accessibility for Ontarians with Disabilities Act, 2005* (Act) and the Ontario Building Code (Code) because these did not require that existing assets be retrofitted according to current accessibility standards. The Code requires that only newly constructed buildings and buildings that undergo extensive renovations meet accessibility standards enhanced in 2015. Despite owners not currently having to retrofit buildings, the Act's stated purpose is to "achieve accessibility for Ontarians with disabilities with respect to goods, services, facilities, accommodation, employment, buildings, structures and premises on or before January 1, 2025."

In our follow-up, we noted that Infrastructure Ontario is currently capturing the accessibility requirements for core and transition assets, limited to the base-building areas, through a checklist based on the Act and prepared by a consultant engaged by Infrastructure Ontario. The assessments are expected to be completed by July 2022.

- *review and prioritize properties for potential and future investment to improve accessibility.*

Status: Little or no progress.

Details

Our 2017 audit found that in the 2016/17 fiscal year, Infrastructure Ontario had informed the Ministry of Infrastructure that it did not have the funds to support the Act's 2025 accessibility goal. This was as a result of the Ministry's direction and decision in the 2013/14 fiscal year to end funding for inspecting buildings for accessibility and for retrofitting existing buildings.

In our follow-up, we found that Infrastructure Ontario is reviewing the outcome of the accessibility assessments as they are being completed. Infrastructure Ontario has indicated they will require funding, subject to approval from the government, to complete any projects. Infrastructure Ontario also informed us that it will look to review and prioritize properties for potential investment to improve accessibility based on these outcomes.

Ministry Has Not Assessed the Cost of Managing Government Properties

Recommendation 10

To ensure government properties are well managed and maintained in an efficient and economical manner, we recommend that the Ministry of Infrastructure study and implement improvements to the management of government properties, including, as noted in the OPS Realty Model Review, different delivery options. (We made a similar recommendation in our 2006 Annual Report.)

Status: In the process of being implemented by September 2020.

Details

At the time of this follow-up, the Ministry, through the engagement of two consultants in 2018, had developed a new portfolio model to centralize decision-making and achieve efficiencies by delegating the majority of strategy, policy and oversight to the

Ministry, and all of the operations to Infrastructure Ontario. The new model would also clarify the roles and responsibilities of each party, which would allow the implementation of measurable performance metrics to hold each party accountable.

Treasury Board has authorized the Ministry to engage with other ministries in the development of a business case to be submitted to Treasury Board for further approval prior to moving forward with implementation. The Ministry anticipates implementation beginning in the 2020/21 fiscal year, with rollout of the new model by September 2020.

Hospitals Finding Maintenance under Alternative Financing and Procurement Expensive

Recommendation 11

We recommend that Infrastructure Ontario:

- *support hospitals with Alternative Financing and Procurement (AFP) project agreements to ensure these arrangements result in more cost-effective maintenance for hospitals;*

Status: Fully implemented.

Details

At the time of our 2017 audit, hospitals we spoke to reported long-term, ongoing disputes with private-sector companies over interpretations of the maintenance portion of their Alternative Financing and Procurement (AFP) agreements. They had not been able to realize many of the benefits they expected under AFP agreements, including having the cost of all maintenance that they require covered by the payments established in these agreements. Hospitals informed us that they were paying higher-than-reasonable rates to private-sector companies for carrying out maintenance work considered outside of the AFP agreement.

At the time of this follow-up, Infrastructure Ontario had agreed to provide contract management advisory support to hospitals on behalf of the Ministry of Health (MOH), formerly the Ministry of

Health and Long-Term Care, during the operations phase of AFP project agreements. The cost of these advisory services is estimated to be \$150,000 per project per year, and includes dedicated technical assistance, decision support, capital planning, and assistance with financial, legal, and energy matters. Infrastructure Ontario and the MOH implemented and formalized the provision of such services via a Memorandum of Understanding dated August 2019.

- expedite its review of the AFP agreement based on the experience and feedback of project owners and revise the agreement to be used in future AFP projects to minimize future contract disputes with respect to variations and the costs associated with them.

Status: Fully implemented.

Details

At the time of our 2017 audit, three of the hospitals we spoke to were in dispute with a private-sector company over costs the company should be allowed to charge for variations. The hospitals also informed us that, based on their experience, the rate for providing variations was higher with the AFP contractor than if the hospitals had sought outside bids. All hospitals we interviewed also indicated that a clearer definition was needed in the AFP agreements to categorize the types of failures by AFP contractors that could occur during the maintenance phase of the AFP agreement.

At the time of our follow-up, Infrastructure Ontario had made two rounds of revisions to the AFP agreement template to reflect the experience and feedback of project owners, to limit the cost of variations and to reduce disputes. These changes include a clearer definition of reimbursable costs, clarity on how mark-ups are calculated, additional requirements to substantiate costs and greater discretion by the owner to require project companies to competitively tender variations. Revisions apply to both the construction and operations phases of projects. These revisions were reviewed and

approved by Infrastructure Ontario's Integrated Template Working Group on February 15, 2017, and November 14, 2018. During our follow-up, these revisions were implemented into agreements for all new AFP projects.

Recommendation 12

In order to improve the delivery of maintenance services through Alternative Financing and Procurement agreements, Infrastructure Ontario should:

- institute a formal evaluation program of private-sector companies' performance during the Alternative Financing and Procurement maintenance phase in existing agreements;
- incorporate their performance when evaluating future bids by the private-sector companies.

Status: Little or no progress.

Details

Our 2017 audit found that Infrastructure Ontario did not have a formal vendor performance program to assess the performance of the private-sector companies during the maintenance phase of AFP projects. In addition, our audit found when evaluating bids for AFP projects, private-sector companies that had performed poorly in maintaining buildings—in that they had many failures or disputes with hospitals and other government entities—had been awarded additional AFP contracts.

At the time of our follow-up, Infrastructure Ontario identified that it will conduct analysis on the benefits of implementing these changes and make recommendations based on this analysis to its Continuous Improvements Committee by March 2020.

Recommendation 13

In order to ensure hospitals are able to fund required maintenance, we recommend the Ministry of Health and Long-Term Care continue to work with hospitals, and in co-ordination with Infrastructure Ontario,

assess whether hospitals are experiencing funding shortfalls and devise strategies to mitigate their impacts under Alternative Financing and Procurement maintenance agreements.

Status: Little or no progress.

Details

At the time of our 2017 audit, the Ministry of Health, formerly the Ministry of Health and Long-Term Care, was informed that hospitals with AFP maintenance agreements had a total funding shortfall of \$8.1 million in 2015/16. In response, the Ministry completed an analysis of reported shortfalls, provided an additional \$5.3 million in top-up funding in 2017, and made revisions to its funding policy. Additional funding was provided to those hospitals that had received less-than-average funding for maintenance compared with other hospitals maintained under AFP agreements.

However, the additional funding provided by the Ministry in some instances did not cover the entire amount of the shortfall, or the hospital simply did not receive any additional funding despite a reported shortfall because it was receiving above-average amounts of funding. The hospitals had to make up these shortfalls by redirecting funding from other areas in their budgets.

During our follow-up, the Ministry confirmed that it expects hospitals to find efficiencies in hospital operations and that it continues to monitor the overall financial health and funding requirements of hospitals. Since our 2017 audit, the Ministry had determined additional facility funding amounts for three additional hospitals maintained under AFP agreements.

Chapter 1

Ministry of Education

Section 1.12

School Boards' Management of Financial and Human Resources

Follow-Up on VFM Section 3.12, 2017 Annual Report

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	1	0.25	0.5	0.25		
Recommendation 2	2	0.5	1	0.5		
Recommendation 3	3	0.75	0.25	2		
Recommendation 4	2	1.50		0.5		
Recommendation 5	1	0.25	0.5	0.25		
Recommendation 6	4	1.75	1.25	0.75	0.25	
Recommendation 7	2	1		1		
Recommendation 8	1			1		
Recommendation 9	4	0.75	1.25	2		
Recommendation 10	1	1				
Recommendation 11	2	1.5	0.25	0.25		
Total	23	9.25	5	8.5	0.25	0
%	100	40	22	37	1	0

Overall Conclusion

As of October 30, 2019, the school boards we audited in 2017 (Toronto Catholic District School Board, Hamilton-Wentworth District School Board, Halton Catholic District School Board, and Hastings and Prince Edward District School Board)

had collectively fully implemented 40% of actions we recommended in our 2017 Annual Report. The school boards have made progress in implementing an additional 22% of the recommendations.

The school boards have fully implemented recommendations such as to implement an objective method to allocate staffing resources to special-education students based on needs; to

collaborate on group purchasing arrangements to reduce the costs of goods and services; and to implement expense coding into all financial information systems.

However, the school boards have made little progress on 37% of the recommendations, including hiring and training staff who specialize in the exceptionalities of their special needs students; establishing and publicly reporting on key academic and non-academic performance indicators for special needs students to track improvement for each type of exceptionality; and establishing reasonable timelines for completing psychological and speech and language assessments.

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

Background

There are 72 publicly funded district school boards in Ontario responsible for overseeing elementary and secondary education for about 2 million students. In the 2018/19 school year, school boards were allocated \$25 billion (\$23 billion in 2016/17) by the Ministry of Education (Ministry), of which the majority was used at the discretion of individual boards.

For the purpose of our audit in 2017, we visited four school boards in southern Ontario—Toronto Catholic District School Board, Hamilton-Wentworth District School Board, Halton Catholic District School Board, and Hastings and Prince Edward District School Board.

We found that the boards we visited used funding restricted by legislation for the purposes for which it was provided. However, funding provided for specific purposes, but not restricted by legislation, was not always used for the specific purposes intended. School boards often used a portion of this money for teacher salaries and benefits and special-education program costs. From the 2011/12 to the 2015/16 school year, boards experienced added

financial pressures because of an increase in sick days by employees.

The following were some of our specific concerns regarding school boards' management of financial and human resources:

- From the 2011/12 school year to the 2015/16 school year, three of the four boards we visited noted an increase in employee sick days ranging from 11% to 40%. Over the same five-year period, for three boards for which information was readily available, salary costs paid to employees while they were off sick increased by 32% to \$42.7 million in the 2015/16 school year.
- The Ministry provides funding for students at risk of low academic achievement through the Learning Opportunities Grant. The boards have discretion on how they can spend much of this funding. We noted that one school board used only 50% of the \$46.5 million it received for at-risk students, while the remaining funds were used to support shortfalls in teacher salaries and special-education funding.
- The Ministry provides funding to all English school boards for English as a second language/English literacy development. For the 2015/16 school year, one school board used 58% of the \$23.9 million it received for English as a second language students, and the remainder was used to alleviate cost pressures in other areas.
- *The Education Act* (Act) requires that boards allocate resources to improve student achievement in areas where students are performing below provincial benchmarks. We found that only one of the boards we visited attempted to create smaller classes in schools with lower student achievement. The other boards allocated teaching positions based on meeting provincial class size restrictions.
- All four boards we visited had long lists of students waiting to be assessed or served by professionals in the areas of psychology and speech and language. For three of the four

boards, 24% or more of the students on the psychological services wait lists had been waiting for more than a year. In addition, two boards had students waiting more than a year for speech and language assessments.

- None of the four boards we visited completed the two mandatory appraisals for all new teachers within 12 months of being hired, as required under the Act. The lack of timely appraisals impacts the new teachers' ability to receive feedback and seek the timely professional development required to be successful in the profession.

We made 11 recommendations, consisting of 23 action items, to address our audit findings. Although the recommendations were aimed at the four school boards we visited, we urged other school boards to consider implementing them to help them better manage their financial and human resources. We received commitment from the four school boards we visited that they would take action to address our recommendations.

Status of Actions Taken on Recommendations

We conducted assurance work between May 2019 and August 2019. We obtained written representation from the directors of education of the Halton Catholic District School Board, the Hamilton-Wentworth District School Board, the Hastings and Prince Edward District School Board and the Toronto Catholic District School Board that effective November 8, 2019, they have provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Significant Increase in Sick Days Causing Financial and Resource Allocation Pressures for Boards

Recommendation 1

To reduce the rising direct and indirect costs associated with sick days, we recommend that school boards develop and implement effective attendance support programs that can include timely and accurate absence reporting, tracking and data analysis, and early identification of illness or injury to allow for early intervention for the safe return to work.

Status: Halton Catholic: Little or no progress.

Hamilton-Wentworth: In the process of being implemented by the end of the 2020/21 school year.

Hastings and Prince Edward: Fully implemented.

Toronto Catholic: In the process of being implemented by the end of the 2019/20 school year.

Details

In our 2017 audit, we reported that based on a study of approximately 50 school boards, sick days for school board employees increased 29% over the five-year period ending in the 2015/16 school year. We further reported school boards had been ineffective in addressing the increase in sick days. Factors mentioned that prevented boards from effectively managing absenteeism included the design of the centrally negotiated sick leave plan, lack of effective attendance support programs, a lack of clear accountability for monitoring sick days, and a lack of commitment from the senior management of boards for managing the problem.

In our follow-up, we found that for 57 school boards participating in an absence study, the average number of sick days per permanent school board employee increased 6%, from 11.60 days in the 2015/16 school year to 12.35 days in the 2017/18 school year (latest available information). The average number of sick days increased for all but one employee group. For the four boards we visited during our 2017 audit, one board saw an improvement (decrease) in their employee sick

days over the same time period and three boards saw a worsening (increase) in sick days.

Halton Catholic: The average sick days per permanent employee increased from 11.03 in the 2015/16 school year to 12.57 in the 2017/18 school year, and now exceeds the average sick days for the 57 boards in the study. This school board has an Attendance Support Program to help improve employee attendance that was last revised in September 2017. Two Attendance Support Officers provide early intervention and facilitate early return to work. The Attendance Support Program has three steps, with each having successively more intensive supervision. However, the Program has not been effective in reducing the number of sick days. As noted above, the average sick days have been increasing to the point where in 2017/18 the number of sick days exceeded the average sick days of the 57 boards in the study.

Hamilton-Wentworth: The average sick days per permanent employee increased from 13.39 days in the 2015/16 school year to 15.05 in the 2017/18 school year. The board also provided us with preliminary results for the period September to April in the 2018/19 school year, which shows improvement in the number of sick days for more than half of the employee groups. In July 2018, this board hired an external consultant to assess its current absence management program. The consultant's report concluded that the board's program was not effective and required significant improvement. The consultant also prepared an action plan to help the board implement its recommendations. The plan is to be implemented over approximately two school years beginning in September 2019. At the time of our follow-up, the implementation plan had been approved by the board of trustees. The board had also developed a new Employee Attendance Management Policy and Procedures.

Hastings and Prince Edward: The average sick days per permanent employee improved slightly from 11.61 days in the 2015/16 school year to 11.56

in the 2017/18 school year and is better than the average sick days for the 57 school boards participating in the absence study. In January 2019, the board created the position of Wellness and Disability Management Officer to be responsible for planning, co-ordinating, implementing and evaluating proactive and cost effective absence-management strategies. Specific functions of this position include tracking and analyzing attendance data, identifying and monitoring the common causes of absenteeism, communicating employee absence concerns to key stakeholders, monitoring the progress of absent employees and facilitating their return to work, implementing well-being and attendance intervention strategies based on leading practices and addressing employees with unacceptable attendance. Since our audit, this board has also updated procedures regarding its Accommodation and Return to Work Program and its Wellness and Support Program.

Toronto Catholic: The average sick days per permanent employee increased from 13.54 days in the 2015/16 school year to 15.09 in the 2017/18 school year. Since our audit, this board has reorganized its sick leave and disability department by increasing the number of return-to-work officers (from one to five) and disability case specialists (from four to five). The board has also contracted with an external consultant to help it implement case management procedures related to medical documentation, return to work timelines and appropriate accommodations for employees. Changes to its information technology system now allow it to capture real-time absence data for all employee groups; and automatically send and request completion of medical forms to employees after five consecutive days of absence. The board has also hired a Chief of Mental Health, part of whose mandate will be to initiate a staff well-being program, and continues to pay for counselling services through an employee assistance program. The changes are expected to be fully effective by the end of the 2019/20 school year.

Opportunities to Improve Teaching are Missed Because of Delays in Teacher Performance Appraisals

Recommendation 2

To better ensure staff requiring additional training and/or assistance to be more effective in their job receive it, we recommend that school boards:

- *put in place an effective performance appraisal system for all groups of employees, including superintendents;*

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

Hamilton-Wentworth: In the process of being implemented by September 2020.

Hastings and Prince Edward: Fully implemented.

Toronto Catholic: In the process of being implemented by December 2019.

Details

During our audit we noted that although there were requirements to evaluate the performance of teachers, school administrators and directors of education, there was no requirement at any of the school boards we visited to evaluate the performance of superintendents. In our follow-up, we found the following:

Halton Catholic: The board told us that performance appraisal processes are in place for most employee groups, but not all (for example, international language groups and English as a second language). The board informed us that it plans to have an appraisal process in place for these employee groups by December 2019.

Hamilton-Wentworth: The board has a performance appraisal process in place for teachers, principals, vice-principals, and the director of education. The board implemented an appraisal process for superintendents in September 2018. At the time of our follow-up, the board was reviewing its appraisal process for other employee groups, such as educational assistants, English as a second language

instructors and psychologists, which it expects to be updated and implemented by September 2020.

Hastings and Prince Edward: The school board has processes to evaluate educators (permanent and occasional teachers), administrators and support staff. Within 20 days of the start of the school year, the Human Resource department sends out a list of teachers, principals and vice-principals scheduled to be appraised during the school year. The board uses the Ministry template for performance measure for supervisory officers. We also noted that the appraisal process for teachers was discussed in 2019 at school committee meetings on learning and leadership to identify strategies and solutions for any concerns with the process.

Toronto Catholic: Since our audit, the board formalized an appraisal process for supervisory officers and was piloting an appraisal system for all non-union management employees. The pilot began in February 2019 and the board expects to fully implement the appraisal process for non-union management by December 2019. The board also revised the assessment process for the director of education. Under the new process, the director of education will obtain feedback from trustees and from surveys provided to senior board staff and external leaders in the community.

- *complete performance evaluations as required.*

Status: Halton Catholic: Little or no progress.

Hamilton-Wentworth: In the process of being implemented by September 2021.

Hastings and Prince Edward: Fully implemented.

Toronto Catholic: Little or no progress.

Details

In our 2017 audit, we found that three of the four boards we visited completed at least 90% of appraisals for experienced teachers within the required five-year period. However, none of the boards we visited completed the two mandatory appraisals for all new teachers within 12 months of

being hired, as required under the *Education Act*. As well, we noted cases at two school boards where principals and vice-principals did not receive performance appraisals in the period required.

In our follow-up, we found the following:

Halton Catholic: The board does not have a centralized system to monitor performance appraisals. The board told us that superintendents monitor performance appraisals for principals, vice-principals and teachers as part of school improvement visits.

Hamilton-Wentworth: According to information provided by the board, for the 2017/18 school year (latest information available), performance appraisals were completed on time for 60% of experienced teachers (76% at the time of our audit), 78% of new teachers (81% at the time of our audit) and 33% of principals and vice-principals (68% at the time of our audit). The board's focus has been on tracking and monitoring the rates of completion for teacher evaluations. The board also plans to expand its focus on the completion of principal and vice-principal assessments in 2019/20, and by September 2021 the board expects to achieve close to 100% completion rate of performance appraisals for all employee groups.

Hastings and Prince Edward: For the 2017/18 school year, the board completed 100% of appraisals for principals, vice-principals and supervisory officers. The board also completed 79% of teacher appraisals (for new and experienced teachers combined). An additional 16% of teachers were not evaluated because they were on leave or retired, leaving 5% of teacher appraisals outstanding. At the time of our audit, this board was completing virtually all performance appraisals on a timely basis.

Toronto Catholic: According to summary data provided by the board for the 2018/19 school year, performance appraisals were completed on time for 95% of new teachers (96% at the time of our audit), 67% of experienced teachers (90% at the time of our audit), 91% of principals (85% in 2016/17) and 83% of vice-principals (61% in

2016/17). On an overall basis, the completion rates for performance appraisals over the past three years for all teachers combined has not changed; for 2018/19 the board completed 82% of all required teacher performance appraisals compared with 80% in 2017/18 and 83% in 2016/17.

Recommendation 3

To ensure teachers are receiving evidence-based professional development that focuses on student achievement, we recommend that school boards:

- *have all schools complete the school improvement plans based on their student achievement results and achievement gaps;*

Status: Halton Catholic: Little or no progress.

Hamilton-Wentworth: Fully implemented.

Hastings and Prince Edward: Little or no progress.

Toronto Catholic: Fully implemented.

Details

In our 2017 audit, we found that all schools had not submitted an annual school improvement plan to their board that focused on improving student achievement through evidence-based professional development for their teachers.

At the time of our follow-up, we found:

Halton Catholic: The latest available school improvement plans posted on the board's website were for 2015/16 or earlier. The latest available school improvement plans on the websites for a sample of schools we selected were for the 2017/18 school year. Nonetheless, the school improvement plans we saw did not contain plans for professional learning to improve student achievement. In October 2019, the board rolled out a new school improvement plan template that requires schools to look at the learning needs of both students and teachers, and at what instructional practices support student achievement. The tool is intended to help schools identify where additional learning is required by staff.

Hamilton-Wentworth: The board provided us with a template for completing school improvement plans that included a section for the school to detail plans for professional learning, including the type of instructional practice to be focused on during professional learning and how the impact of educator learning would be measured. We reviewed a sample of school improvement plans for 2018/19 and noted that they included details of professional learning planned for the school year.

Hastings and Prince Edward: The board had not published school improvement plans on the board's website. We had the school board send us a sample on school improvement plans for our review and noted that they did not include details of professional learning planned for the year.

Toronto Catholic: Since our audit, the board's template for school improvement plans was updated to contain a section on the professional development needs of staff in relation to improving student achievement, and a plan for how those needs would be met in the year.

- *review and analyze all school improvement report-backs to reconcile the actual training to the school improvement plans;*

Status: Halton Catholic: Little or no progress.

Hamilton-Wentworth: Little or no progress.

Hastings and Prince Edward: Little or no progress.

Toronto Catholic: Little or no progress.

Details

During our 2017 audit, we found little evidence that annual school improvement plans submitted to school boards had been reviewed by superintendents to ensure that the training provided to teachers actually occurred in areas identified through student achievement gaps.

At the time of our follow-up, we found:

Halton Catholic: The board informed us that each school was developing and implementing

a Professional Learning Plan to accompany its school improvement plan goals. The Professional Learning Plan is expected to provide the board and its schools with the professional learning (that is, teacher training) that is required to address and support needs identified through the school improvement plans.

Hamilton-Wentworth: The school board has not taken action to address this recommendation.

Hastings and Prince Edward: The school board has not taken action to address this recommendation.

Toronto Catholic: The board implemented a new monitoring process for its school improvement learning plans in 2018/19. The plan included more check-in points between principals and area superintendents. For example, in January/February 2019, all principals presented their school improvement plan and progress to date to a team of reviewers comprising senior academic staff at the board, such as area and central superintendents, central co-ordinators, the associate director of academic affairs and the director of education, for feedback. The principals presented their final summary of achievement to senior staff in June 2019. However, based on our review of a sample of final reports submitted by schools, the training taken by teachers at a school was not identified and reconciled with student needs previously identified in the school improvement plan.

- *monitor student achievement in the areas where professional development was provided to measure effectiveness of the training and report these results publicly.*

Status: Halton Catholic: Little or no progress

Hamilton-Wentworth: In the process of being implemented by the end of the 2019/20 school year.

Hastings and Prince Edward: Little or no progress

Toronto Catholic: Fully implemented.

Details

Our 2017 audit found that school boards did not monitor the impact that classroom teacher training was having on student achievement.

We found the following in our follow-up:

Halton Catholic: The board is measuring teacher satisfaction with the training through surveys. However, the board continues to not monitor the impact of teacher professional development on student achievement.

Hamilton-Wentworth: The board has created a student progress tracker template to monitor student achievement in the priority areas identified by the board. It expects to start using the template in the 2019/20 school year.

Hastings and Prince Edward: The school board has not taken action to address this recommendation.

Toronto Catholic: The board informed us that area superintendents attend school-organized professional learning sessions to ensure that the sessions address student needs and school goals. The focus is on schools identified as needing more support. In addition, the board's research department created a template for superintendents to monitor the schools' progress to each of the goals set in the Board Learning and Improvement Plan. Reporting against the goals and targets outlined in the Board Learning and Improvement Plan was presented to the board of trustees and publicly released in October 2019.

Allocation of Staffing Resources

Recommendation 4

In order to support student achievement and effective stewardship of resources, we recommend that school boards:

- *where needed, allocate additional teacher and other supporting resources to schools with lower student achievement;*

Status: All four boards: Fully implemented.

Details

In our 2017 audit, we found that decisions on allocating teaching resources to schools were based primarily on meeting class-size restrictions. Only one board that we visited, Hamilton-Wentworth, assigned more teachers to elementary schools with lower academic achievement; it used smaller class sizes than stipulated in regulation. Another two boards were using teaching consultants to provide instructional coaching to classroom teachers who requested coaching or were identified by the school principal to receive it.

In our follow-up, we found:

Halton Catholic: The board allocates itinerant teacher coaches to schools to support student achievement. The board has five coaches for its 54 schools.

Hamilton-Wentworth: In the 2018/19 school year, the board allocated additional supports—such as reading specialists, math facilitators and literacy coaches—to the 20 elementary schools identified as being high priority due to student achievement and socio-economic status, and to secondary schools identified as having lower graduation rates and lower achievement in Educational Quality and Accountability Office (EQAO) testing (Grade 9 math test and Grade 10 literacy test).

Hastings and Prince Edward: In the 2018/19 school year, the board provided a variety of teaching consultants (approximately 16 FTEs in total) to support classroom teachers and improve student achievement. Examples of teaching supports included resource teachers or co-ordinators in the areas of elementary and secondary mathematics and literacy, and Student Success Leads who met regularly with elementary principals to improve teaching in mathematics.

Toronto Catholic: The board allocated additional staffing for reading intervention programs to schools with the highest needs based on demographics and low achievement. It also allocated math facilitators to schools designated as intensive support schools. The board also provided mentors and coaches in reading and math to support teaching staff. In the last two school years, it provided additional block funding to select schools based on demographic factors, achievement and local indicators, particularly income data. In 2018/19, it distributed \$2 million in budget enhancements to 91 schools (15 secondary and 76 elementary). Twenty percent of the funds were to be spent on materials that support teaching instruction, 20% for mitigating poverty and 60% on locally determined needs.

- *monitor the impact and effectiveness of the additional resources on student achievement and make adjustments where desired results are not achieved.*

Status: Halton Catholic: Little or no progress.

Hamilton-Wentworth: Little or no progress.

Hastings and Prince Edward: Fully implemented.

Toronto Catholic: Fully implemented.

Details

Halton Catholic: The board informed us that program staff and a group of administrators will be participating in a two-day workshop on assessing the impact of professional learning. This learning is expected to help the board develop system monitoring that addresses the goal or intended outcome of the professional learning, as well as a means of measuring the impact on student success.

Hamilton-Wentworth: The board prepares a Student Learning and Achievement Report for the Board of Trustees where it reports on the change in student achievement for up to three years. Progress is monitored by tracking the change in average final grades, EQAO results, and high school graduation rates. For the elementary school system, the

board tracks results in total and separate for high priority schools that were provided with additional resources. However, at the time of our follow-up, the board was not reporting results separately for secondary schools that were provided with additional resources.

Hastings and Prince Edward: The results of strategic uses of resources are now monitored and measured through the School Improvement Plans for Student Achievement and Well-being and the Board Improvement Plan for Student Achievement and Well-being. The latter document summarizes the impact of major initiatives on student learning and outlines next steps.

Toronto Catholic: The board tracks EQAO results separately for the 91 schools (76 elementary and 15 secondary) that received additional resources. It compares the EQAO results for those schools against the provincial average and the average for the board as a whole.

School Boards Redirecting Funding Intended for At-Risk Students and Students Not Fluent in the Language of Instruction

Recommendation 5

To ensure funding for specific education priorities are used for their intended purposes, we recommend that school boards focus the use of the funding on evidence-based areas where the at-risk students and English-language learners are performing below provincial standards.

Status: Halton Catholic: Fully implemented.

Hamilton-Wentworth: In the process of being implemented by the 2020/21 school year.

Hastings and Prince Edward: In the process of being implemented by the 2020/21 school year.

Toronto Catholic: Little or no progress.

Details

In our 2017 audit, we reported that school boards have discretion on how to spend 65% of the funding allocated for special education priorities. Consequently, school boards were redirecting funding intended for at-risk students and students not fluent in the language of instruction. For example, for the 2015/16 school year, one board spent only 50% of the \$46.5 million it received for students at-risk of low academic achievement and 58% of the \$23.9 million it received for ESL students. The remaining funds were used to support shortfalls in funding for teacher salaries and special education programs.

In our follow-up, we found:

Halton Catholic: For the 2017/18 school year, the school board reported spending 91% of the government funding allocated for students at risk of low academic achievement and 86% of funding allocated for ESL students on those purposes. In comparison, for the 2015/16 school year (last completed fiscal year at the time of our audit), the school board reported spending 96% of the government funding allocated for students at risk of low academic achievement and 90% of funding allocated for ESL students on those purposes.

Hamilton-Wentworth: For the 2017/18 school year, the board reported spending 100% of the government funding allocated for students at risk of low academic achievement and 74% of funding allocated for ESL students on those purposes. In comparison, for the 2015/16 school year (last completed fiscal year at the time of our audit), the school board reported spending 92% of the government funding allocated for students at risk of low academic achievement and 100% of funding allocated for ESL students on those purposes.

Hastings and Prince Edward: For the 2017/18 school year, the school board spent 62% of the government funding allocated for students at risk of low academic achievement and 100% of funding allocated for ESL students, on those purposes. In

comparison, for the 2015/16 school year, the school board reported spending 47% of the government funding allocated for students at risk of low academic achievement, but was not tracking how ESL funding was spent.

Toronto Catholic: For the 2018/19 school year, the board reported spending 55% of the government funding allocated for students at risk of low academic achievement and 50% of funding allocated for ESL students on those purposes. In comparison, for the 2015/16 school year, the school board reported spending 50% of the government funding allocated for students at risk of low academic achievement and 58% of funding allocated for ESL students on those purposes. The board indicated that implementation of this recommendation was subject to resource and funding constraints.

Special Education—Inequitable Resource Allocations and Long Wait Times for Services

Recommendation 6

To ensure all special-needs assessments are completed in a timely and equitable manner, we recommend that school boards:

- *establish reasonable timelines for completing psychological, and speech and language assessments;*

Status: Halton Catholic: In the process of being implemented by the end of the 2019/20 school year.

Hamilton-Wentworth: Little or no progress.

Hastings and Prince Edward: In the process of being implemented by spring 2020.

Toronto Catholic: Little or no progress.

Details

In our 2017 audit, we found that all four school boards we visited had long lists of students waiting to be assessed or served by professionals in the

areas of psychology, and speech and language. For three of the four boards visited, more than 24% of the students on the wait lists for psychological services had been waiting for more than a year.

In our follow-up, we found:

Halton Catholic: The board had not established formal timelines for completing psychological assessments and speech and language assessments, but plans to do so in the 2019/20 school year.

Hastings and Prince Edward: The board expects to create a formal procedure outlining the process—including continuous assessment, referral process and timelines—for a psychological and/or speech and language assessment to support students' educational programs and well-being. The board plans to establish a working group to complete this task no later than spring 2020.

Hamilton-Wentworth and Toronto Catholic: These boards had not established formal timelines for completing psychological assessments and speech and language assessments and have no plans to do so.

- *have access to all assessments wait lists at the board level and use this information to reassign assessments to specialists who have smaller workloads;*

Status: Halton Catholic: Little or no progress.

Hamilton-Wentworth: Will not be implemented.

The Office of the Auditor General supports the implementation of this recommendation because there are children waiting for assessments.

Hastings and Prince Edward: Fully implemented.

Toronto Catholic: In the process of being implemented by the 2021/22 school year.

Details

Our 2017 audit found that school boards assigned their specialists to a specific group of schools. Each specialist kept his or her own wait list. All but one school board consolidated the wait list information at the board level. Wait times for specialist

assessments varied significantly between schools in the same boards because students waiting for assessments were not reassigned to specialists with lighter workloads. For example, at one school, the longest wait for a psychological assessment was more than two years, while at another school in the same board the longest wait was less than six months.

At the time of our follow-up, we found:

Halton Catholic: The board had not taken action on this recommendation.

Hamilton-Wentworth: The board was developing a new database to track assessments centrally. However, the board informed us that due to provisions in the collective agreement for psychological services staff, the board is not able to reassign assessment referrals to other psychologists with smaller workloads within a given school year. Therefore, it will not be able to implement our recommendation. At the time of our follow-up, average wait time for psychological assessments by a psychologist ranged from one month to eight months.

Hastings and Prince Edward: The board had access to all assessments wait lists at the board level and told us that since September 2018 it had been using this information to reassign assessments to specialists who have smaller workloads in order to have assessments completed within a reasonable time. As of mid-September 2019, eleven students were awaiting psychological assessments and these were distributed among two psychological consultants.

Toronto Catholic: The board had access to all assessment wait lists at the board level. The board was developing a case management system and was planning to integrate the wait list information into that system. However, the board informed us that it does not intend to reassign assessments to specialists with smaller workloads, but rather the workload would be allocated to psychologists based on demographic data. The board expects to implement a new student information system in the 2021/22 school year, which will include new system software for managing wait lists for assessments.

- *implement a plan to clear backlogs;*
Status: Halton Catholic: Fully implemented.
Hamilton-Wentworth: Fully implemented.
Hastings and Prince Edward: Fully implemented.
Toronto Catholic: In the process of being implemented by December 2019.

Details

Our 2017 audit found that assessments were typically not performed in the summer, and some parents resorted to paying for private assessments. In our follow-up, we found:

Halton Catholic: The board contracted out 230 assessments between January to June 2019 and reduced the number of students waiting for an assessment from 388 in December 2018 to 179 as of September 2019.

Hamilton-Wentworth: The board set a performance standard at the beginning of the 2018/19 school year that each psychological consultant had to complete 30 assessments per school year. According to the school board, one assessment could take from 20 to 30 hours to complete. In addition, the board told us that prior to undertaking a psycho-educational assessment, the psychological service group will consult with school teams to ensure other forms of assessments have been completed and used to inform educational programming for the student. As well, at the start of the school year only, the oldest referrals for assessment are reallocated to psychologists with lower workloads. As of June 2019, the board informed us that 230 students were waiting for a psychological assessment, and no one was waiting for a speech and language assessment.

Hastings and Prince Edward: The board received \$134,000 in January 2019 under a transfer payment agreement to address wait lists and wait time for students with special needs requiring professional assessments. It used the funds to hire an additional psycho-educational consultant and an additional speech and language pathologist for one year.

Toronto Catholic: The board hired additional staff to conduct assessments in the summer of 2018 and told us it intended to do the same during the summer of 2019. As well, the board formed a dedicated group of school psychologists tasked almost solely with completing assessments.

- *track use of external assessments to better gauge demand.*

Status: Halton Catholic: Fully implemented at the time of the 2017 audit.

Hamilton-Wentworth: In the process of being implemented by December 2019.

Hastings and Prince Edward: Fully implemented.

Toronto Catholic: Fully implemented.

Details

In our 2017 audit, we found that only one of the four boards we visited, Halton Catholic, was tracking the number of private assessments performed on students at the parents' expense. Our follow-up found:

Hamilton-Wentworth: The board was implementing a tracking system for assessments completed by external/private speech and language pathologists and psychological service providers. It expected the tracking system to be implemented by December 2019.

Hastings and Prince Edward: The board informed us that its system can track external/private psychological assessments. In the 2018/19 school year, 98 external/private assessments were submitted to the board.

Toronto Catholic: The board informed us that it now tracks external/private assessments. In the 2018/19 school year, more than 1,300 external/private assessments were submitted to the board.

Recommendation 7

To ensure that special-education students are provided with support that best meets their needs, we recommend that school boards:

- *implement objective measures to allocate staffing resources to special-education students based on their needs;*

Status: Halton Catholic: Fully implemented at the time of the 2017 audit.

Hamilton-Wentworth: Fully implemented.

Hastings and Prince Edward: Fully implemented.

Toronto Catholic: Fully implemented.

Details

In our 2017 audit, we found that school boards we visited used different methods to allocate educational assistants to the classroom. The allocation method used by one school board was found to be subjective and could lead to the inequitable allocation of educational assistants across schools. At another board, we noted the actual allocation of educational assistants across schools did not match the results of the board's allocation method.

In our follow-up, we found:

Hamilton-Wentworth: The board first allocates educational assistants to special education classes where needed, as it was doing at the time of our audit. However, the majority of the remaining educational assistants are allocated based on the model used by the Halton Catholic District School Board, which bases students' need for support on various factors including the level of a student's independence with daily activity. Some educational assistants are held in reserve and deployed where and when needed.

Hastings and Prince Edward: The board developed a new student independence scoring tool in 2017/18 to more objectively compare the needs of individual schools in order to allocate educational assistants. For the 2019/20 school year, the board expects to allocate 160 educational assistants in this manner. Another 50 will be float positions so the system can adjust support as needs emerge.

Toronto Catholic: The board continues to use a scoring tool to prioritize student needs. The boards

told us that although the level of need determined by the tool is greater than the staffing complement available to support those needs, the tool has been useful in helping it distribute staffing support (educational assistants) relative to system needs.

- *hire and train staff to ensure they are best equipped to provide support for the types of student exceptionalities to which they are assigned.*

Status: All four boards: Little or no progress.

Details

Our 2017 audit found that special-needs teachers and staff were often assigned to students with exceptionalities they did not specialize in. Teachers and educational assistants assigned to special education classes were not required to have any specialized training other than basic special-education training. In addition, although all four boards we visited indicated that they offer professional development training in relation to special-needs students, participation was voluntary.

In our follow-up, we found that, in general, boards did not require teachers who are assigned to special-education classes to have specialized training other than a Special Education Part 1 qualification (the College of Teachers offers three parts in total). For teachers who might have exceptional students in mainstream classrooms, the boards do not require basic special-education training or qualifications and professional development training is still optional.

Recommendation 8

To better ensure that the special-educational support services meet the needs of special-needs students, we recommend that school boards establish and publicly report on key academic and non-academic performance indicators to track student improvement for each type of exceptionality.

Status: All four boards: Little or no progress.

Details

In our 2017 audit, we found that the Ministry and the school boards had not established key indicators to measure student improvement as a result of special-education services provided, including how well they transitioned after they left secondary school. We also noted that boards could track an individual student's progress on their individual education plans and report cards, but this information was not aggregated at the board level to assess the impact of the special-education services.

In our follow-up, we found:

Halton Catholic: The board had not taken action on this recommendation.

Hamilton-Wentworth: The board stated that because each student's program is individualized, it is challenging to have performance indicators for the purpose of public reporting. The board said it was working to better understand which students have which exceptionality and to have an accurate central system to identify students by exceptionality.

Hastings and Prince Edward: The board was only collecting statistics on senior kindergarten students screened for speech and language problems. The board had not yet developed academic and non-academic indicators by exceptionality. It stated that it was aiming to do so and present it to its special education advisory committee by June 2020.

Toronto Catholic: The board's Accountability Framework for Special Education sets goals for each exceptionality. However, many of the goals are focused on increasing teachers' understanding of programs and techniques rather than improving student outcomes. Student outcome goals are limited to year-over-year change in EQAO results and the student's ability to demonstrate overall improvement in self-regulation. In addition, there is no specific improvement target other than to show an "increase."

Oversight, Best Practices and Collaboration

Recommendation 9

To provide effective oversight of operations, we recommend that school boards:

- set measurable targets for each of their strategic goals regarding student achievement, student well-being, and stewardship of resources;

Status: Halton Catholic: Little no progress.

Hamilton-Wentworth: In the process of being implemented by December 2019.

Hastings and Prince Edward: In the process of being implemented by June 2020.

Toronto Catholic: Fully implemented.

Details

In our 2017 audit, we reviewed the multi-year strategic plans for each of the four boards we visited and found that three boards had performance indicators and targets for goals relating to student achievement, but they typically did not have indicators and targets for goals relating to student well-being and stewardship of board resources. Also, none of the boards visited were reporting publicly on their progress in meeting their strategic goals.

We found in our follow-up:

Halton Catholic: The board had not set targets for its performance measures. We based our finding on our review of the board's strategic plan for 2016-2021 and its improvement plan for student well-being and achievement for 2016-2021.

Hamilton-Wentworth: The board had not yet set targets for all measures relating to student well-being. The board was working on establishing baseline data collected through student climate surveys and is planning to set targets by December 2019 for the following school year.

Hastings and Prince Edward: The board's current five-year strategic plan is ending in 2020. The board informed us that as part of its development of a

new strategic plan in the 2019/20 school year, it will develop measurable targets.

Toronto Catholic: The board's multi-year strategic plan has been revised to include goals and measurable targets related to student achievement and student well-being. Management at the board informed us that the board of trustees has also set a target to maintain 1% of funding as an operational contingency reserve.

- *regularly measure progress on the goals against targets and report them publicly;*

Status: Halton Catholic: Little or no progress.

Hamilton-Wentworth: In the process of being implemented by January 2020.

Hastings and Prince Edward: Little or no progress.

Toronto Catholic: Fully implemented.

Details

Halton Catholic: Based on our review of the Director's Report to Trustees in October 2018 on the latest strategic plan (2016-2021) it typically reported activity taken rather than outcomes achieved.

Hamilton-Wentworth: The board routinely posts the Director's Annual Report on its website, wherein it reports publicly against its goals. The board informed us that it expects to report progress against targets for student well-being in its next report to be released January 2020.

Hastings and Prince Edward: The board informed us that it expects to report progress against targets once they have been developed.

Toronto Catholic: At the time of our follow-up, the board had publicly reported progress made in the 2017/18 school year (latest available information) against goals outlined in the board's multi-year strategic plan.

- *implement recommendations on audits conducted by the regional internal audit teams in a timely manner;*

Status: Halton Catholic: In the process of being implemented by the end of the 2019/20 school year.

Hamilton-Wentworth: Little or no progress.

Hastings and Prince Edward: In the process of being implemented by June 2020.

Toronto Catholic: Little or no progress.

Details

In our 2017 audit, we found that two of the four school boards we visited failed to implement many of the recommendations made by their regional internal audit teams. Specifically, Toronto Catholic and Hamilton-Wentworth had only implemented 48% and 61% of recommendations respectively. The other two boards had implemented more than 80% of recommendations.

Our follow-up found the following:

Halton Catholic: Based on follow-up work done by the board's regional internal audit team, the board had implemented 73% of recommendations made by its regional internal audit team on audits originally conducted in the 2015/16 and 2016/17 school years. Two audits conducted in the 2017/18 school year had not yet been followed up, but the board noted that it planned to implement recommendations from these audits by the end of the 2019/20 school year.

Hamilton-Wentworth: The board informed us that many of the recommendations on audits conducted since the 2015/16 school year were still outstanding. The board was in the process of scheduling follow-up audits with the regional internal audit team to assess the status of implementation.

Hastings and Prince Edward: The board had yet to implement 34 recommendations made by its regional internal audit team on audits conducted from the 2015/16 to the 2017/18 school year. This

represents an implementation rate of 36% to 44%. The school board expects to implement all outstanding recommendations by June 2020.

Toronto Catholic: The school board had yet to implement 46 recommendations made by its regional internal audit team on audits conducted from the 2012/13 to the 2017/18 school year. The board told us most outstanding recommendations are long-term in nature, while others have not been implemented due to financial constraints or staff resource limitations.

- *where possible, co-ordinate to have their regional internal audit teams examine issues common among the boards in the region to identify best practices, which should then be shared with boards province-wide.*

Status: Halton Catholic: Little or no progress.

Hamilton-Wentworth: Little or no progress.

Hastings and Prince Edward: Fully implemented.

Toronto Catholic: Little or no progress.

Details

Our 2017 audit found that regional internal audit teams rarely audited the same topic across the group of school boards they serve. In August 2016, best practices identified by regional internal audit teams began to be posted on the website of the Ontario Association of School Business Officials to be shared with senior school board business officials, but only if allowed by the school board where the best practice was identified.

At the time of our follow-up, three of the four school boards reported that they were using the OASBO website to view best practices. We also found:

Halton Catholic: The board had not taken action on this recommendation. There were no plans to have the regional internal audit team conduct coordinated audits in the region.

Hamilton-Wentworth: Since our audit in 2017, the regional internal audit team has not formally

conducted any co-ordinated audits across all of the boards in the region.

Hastings and Prince Edward: The school board informed us that at the regional meeting of all Eastern school boards in February 2019, the school boards discussed conducting co-ordinated audits and requested that the Regional Internal Audit Team select similar audits for all boards to allow comparisons and benchmarking. The school board also indicated that it had reviewed all of the leading practices in the repository compiled by all of the Regional Internal Audit Teams and had contributed to the repository.

Toronto Catholic: The board's latest multi-year audit plan for 2020–2022 outlined the areas or processes that boards in the regions had audits done during the period 2011–2019. However, the latest audit plan did not identify possible co-ordinated audits in the next three years.

School Boards Increasing Their Use of Group Purchasing Arrangements

Recommendation 10

To help reduce costs for goods and services, we recommend that school boards collaborate on future group purchasing arrangements, either through the Ontario Education Collaborative Marketplace or by linking into cost-saving contracts already in place in larger boards, such as the Toronto Catholic District School Board.

Status: All four boards: Fully implemented.

Details

In our 2017 audit, we found that school boards were using group purchasing arrangements to various extent to acquire goods and services such as transporting students to and from school, utilities, computers and IT services, and office supplies. By 2016, most school boards were acquiring at least some goods and services through the agreements negotiated by the Ontario Education Collaborative Marketplace (OECM). Our report noted that large

school boards, like the Toronto Catholic District School Board, could secure better pricing on its own, but smaller school boards that did not have the purchasing power of large boards could further benefit from OECM's supplier agreements.

At the time of our follow-up, we noted that total collaborative spending by all school boards in Ontario through the OECM increased from \$112 million in 2016 to \$181 million in the 2017/18 school year. For the four school boards we visited, we noted increases in the number of OECM product/service agreements and/or the amount of spending through the OECM. Specifically, we found:

Halton Catholic: Since 2016, the board entered into four additional contracts for goods and services negotiated through OECM (latest data available at the time of our audit). However, the amount of total spending by Halton on OECM negotiated products decreased by about \$200,000 because the contract for computer hardware expired. At the time of our follow-up, the board was working on entering a new contract for computing devices through another co-operative.

Hamilton-Wentworth: The board informed us that it had put out a Request for Proposals (RFP) in November 2017 to acquire a financial information system. The RFP included a co-operative procurement term to allow all other school boards to purchase the same information system on the same terms and conditions, including price, to be offered by the successful bidder.

Hastings and Prince Edward: Since the audit, the board has entered into six additional agreements for the purchase of goods and service negotiated by OECM. In 2018/19, it was using 23 purchasing agreements. The board also informed us that it was acquiring financial information system services through a group purchasing arrangement with the Education Computing Network of Ontario.

Toronto Catholic: The board continues to have collaborative procurement arrangements with

other boards for services, such as school cash management systems with the Toronto District School Board and physical education equipment with the Dufferin-Peel Catholic District School Board. As well, since the audit, it entered into six agreements for products/services through the OECM.

Some School Boards Reporting Estimates Instead of Actual Spending for Special Purpose Grants

Recommendation 11

In order to provide the Ministry with accurate information on spending, we recommend that school boards:

- *implement Ministry expense coding into all financial information systems;*

Status: Halton Catholic: Fully implemented at the time of our 2017 audit.

Hamilton-Wentworth: Fully implemented.

Hastings and Prince Edward: Fully implemented at the time of our 2017 audit.

Toronto Catholic: Fully implemented at the time of our 2017 audit.

Details

Our audit in 2017 found that, of the four boards we visited, only Hamilton-Wentworth had not implemented Ministry expense coding in its financial system, which led to many manual adjustments in order to meet the Ministry's reporting requirements.

At the time of our follow-up, we found that the Hamilton-Wentworth board had developed a new chart of accounts that complies with the Ministry's expense coding system and was mapping data for the 2018/19 school year from the existing chart of accounts to the new chart of accounts. The board had data transferred into the new student information system by July 2019. The board informed us that all new accounts added to the

financial information system were compliant with the Ministry's expense coding system.

- *report actual spending instead of estimated spending for restricted portions of special purpose grants.*

Status: Halton Catholic: Fully implemented at the time of our 2017 audit.

Hamilton-Wentworth: Fully implemented.

Hastings and Prince Edward: In the process of being implemented by June 2020.

Toronto Catholic: Little or no progress.

Details

In our 2017 audit, we found that of the four boards we visited, all but Halton Catholic were reporting to the Ministry estimated expenditures instead of actual spending for special purpose grants. Specifically, the three boards used the average salary of a teacher at the board and an estimated/budgeted number of special-education teachers to calculate special-education teacher expenses.

For our follow-up, we found:

Hamilton-Wentworth: As noted in the action item above, the board had realigned its chart of accounts to comply with the Ministry's expenses coding system. The board mapped the new account codes to the payroll system. As of July 2019, the board is able to report actual expenditures for specific programs instead of estimates.

Hastings and Prince Edward: In September 2018, the board updated its human resource information system to link the actual salaries and benefits of coordinators and coaches with the programs they are responsible for. At the time of our follow-up, the board planned to do the same for the salaries and benefits of special-education teachers. The board expects to modify the human resources information by June 2020, so that actual costs are posted to the Special Education envelop as opposed to average costs.

Toronto Catholic: The board had not yet taken action on this recommendation. The board informed us that a system upgrade would be required.

Chapter 1

Section 1.13

Ministry of Children, Community and Social Services

Settlement and Integration Services for Newcomers

Follow-Up on VFM Section 3.13, 2017 Annual Report

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	2		1	1		
Recommendation 2	4		1.5	2.5		
Recommendation 3	1		1			
Recommendation 4	4	0.5		3.5		
Recommendation 5	3		1	2		
Recommendation 6	3			3		
Recommendation 7	2	2				
Recommendation 8	1			1		
Recommendation 9	2			2		
Recommendation 10	1			1		
Total	23	2.5	4.5	16	0	0
%	100	11	20	69	0	0

Overall Conclusion

On June 29, 2018, the Ontario government announced that as part of a realignment, the former Ministry of Citizenship and Immigration would be integrated into the new Ministry of Children, Community and Social Services (MCCSS). In addition, the government announced that the immigra-

tion training programs would transfer from the former Ministry of Citizenship and Immigration to the Ministry of Training, Colleges and Universities (MTCU). The transfer of these programs was completed in November 2018. Following a re-alignment between the Ministry of Labour and the Ministry of Training, Colleges and Universities, effective October 21, 2019 the program area responsible for the

bridge training program is now within the Ministry of Labour, Training and Skills Development.

As of October 3, 2019, MCCSS and MTCU had fully implemented or had made significant progress in implementing 31% of the recommended actions in our *2017 Annual Report*. For example, the former Ministry of Citizenship and Immigration formalized the Canada-Ontario Immigration Agreement in November 2017 with the federal government. In addition, MCCSS has acted to identify service providers it funds to provide services to newcomers that do not meet their contracted service and financial targets, and to take corrective action. As well, MCCSS has completed draft guidelines for allocating funding, which require service providers to receive a score of at least 60% on their proposals to be eligible for new or continued MCCSS funding. It plans to finalize and implement these in January 2020.

However, MCCSS and MTCU have made little progress toward implementing the remaining 69% of the actions we recommended. They informed us they would need more time to implement these actions, including:

- recording all relevant service and financial information in their information systems to enable periodic monitoring of the services and the service providers they fund;
- reviewing and assessing significant differences between service provider costs to take action where these are not reasonable;
- assessing the effectiveness of communication efforts intended to ensure that newcomers are aware of available services, in order to identify and take action on areas of weakness; and
- obtaining and using information on the number of newcomers served in programs provided by other Ontario ministries, and on the newcomers' outcomes, to help MCCSS assess the degree newcomers are settling and integrating in Ontario.

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

Background

Between 2012 and 2016, more than 510,000 immigrants settled in Ontario as permanent residents. Many of them needed help getting settled—everything from finding housing and work to accessing health care.

The federal government is the primary funder of newcomer settlement services in this province, but the former Ontario Ministry of Citizenship and Immigration (Ministry) also had a mandate to successfully settle and integrate newcomers.

The Ministry-funded settlement and integration services that include language training, newcomer settlement services, and bridge training programs to help internationally trained immigrants obtain certification and employment in regulated and highly skilled occupations.

These services are primarily delivered by contracted service providers that include, for example, public and Catholic school boards, universities, colleges and non-profit community organizations.

On June 29, 2018, the Ontario government announced that as part of a realignment, the Ministry would be integrated into the new Ministry of Children, Community and Social Services (MCCSS). In addition, the government announced that the Ministry's immigration training programs, including bridge training programs, would transfer to the Ministry of Training, Colleges and Universities (MTCU). The transfer of these programs was completed in November 2018.

MCCSS provided approximately \$110 million in 2018/19 (\$100 million in 2016/17) for over 89,000 individuals to access settlement services (over 80,000 in 2016/17), more than 70,000 participants in language training (more than 68,000 in 2016/17), and over 5,300 individuals who participated in education and training through bridge training programs (almost 6,000 in 2016/17).

We noted in our 2017 audit that the Ministry did not have effective systems and procedures in place to ensure that its service providers consistently provided effective services, although we found that its bridge training program did help many internationally trained newcomers get jobs.

The following were some of our significant findings:

- There had been limited co-ordination between the Ministry and the federal government, which is the primary funder of settlement services in Ontario, to avoid duplication of services. We estimated that in 2016/17, about \$30 million in Ministry-funded newcomer services were provided to individuals also eligible for services funded by the federal government. The extent to which the Ministry also needed to fund these services was unclear.
- Ministry funding allocations to each of its settlement and integration services were not determined based on a comparison of the relative need for each service by newcomers, and funding was not always allocated to the most needed services. For example, we noted a decline in the average enrolment for Ministry-funded language training in the previous five years, and the amount spent on the program during this period was \$24 million less than budgeted. In contrast, funding for the Ministry's bridge training program had decreased over the previous five years, from \$34.4 million in 2012/13 to just \$23 million in 2016/17, even though the majority of people who completed bridge training programs found jobs.
- The Ministry did not establish minimum scores that service-provider applicants were required to achieve to qualify for bridge training and newcomer settlement funding. As a result, the Ministry approved and funded several proposals to which it had assigned scores of less than 50%.
- The actual cost per client visit in the newcomer settlement program, and the cost

per client employed in the bridge training program, differed significantly among service providers. However, the Ministry did not compare service and financial data reported by providers to assess whether differences were reasonable and providers were operating in a cost-effective manner.

- While the average employment rate among all bridge training program contracts completed in the three years prior to our audit was 71%, we noted significant differences between programs. For example, many reported that fewer than 40% of their graduates found jobs.

We made 10 recommendations, consisting of 23 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 2019 and October 2019. We obtained written representation from the Ministry of Children, Community and Social Services that effective October 31, 2019, it has provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Ministry Funding of Newcomer Services Is Not Allocated Based on Assessment of Need and Cost-Effectiveness, and Not Always to Highest Scoring Service Providers

Recommendation 1

In order for the Ministry of Citizenship and Immigration to use its resources cost-effectively so that it best meets the settlement and integration needs of newcomers to Ontario, we recommend that the Ministry:

- *evaluate the need for provincial funding of services also funded by the federal government*

and, where appropriate, minimize the duplicate funding for these services;

Status: In the process of being implemented by April 2021.

Details

In our 2017 audit, we found that while the Ministry was aware that the settlement and integration services it funds often overlap with services provided by the federal government, it had not assessed the need for this duplication of services and had not taken action to minimize it. We estimate that for 2016/17, approximately \$30 million in language training and newcomer settlement services was funded by the Ministry when such services were already provided and funded by the federal government.

In our follow-up, we found that MCCSS (formerly the Ministry of Citizenship and Immigration) had signed a memorandum of understanding (MOU) in December 2017 with the federal government on settlement and integration, to establish a framework for working collaboratively on planning, design and delivery of settlement services for newcomers. A joint priority of the MOU is to reduce duplication of services and address service gaps.

MCCSS advised us that a mapping of all federal and provincial settlement and integration services across the province has been completed. In addition, MCCSS completed a review of its language training program in September 2019 that identified opportunities to reduce duplication with services funded by the federal government. For example, MCCSS advised us that it is working with the federal government to develop referral protocols in order to reduce the number of permanent residents who are eligible for federally funded services enrolled in provincial language training classes. It advised us that by the end of 2019 it plans for language assessment centres to refer permanent residents to federally funded language training on a priority basis. MCCSS also advised us that it expects to implement further opportunities to reduce duplication with federally funded services by April 2021.

- *assess the actual needs of newcomers to confirm the appropriate mix of services it should fund and allocate funding based on this need.*

Status: Little or no progress.

Details

In our 2017 audit, we found that the Ministry's funding allocations for each service was determined separately and was not based on a comparison of the relative need for each service or its success in meeting the needs of newcomers. In addition, the Ministry had not assessed the needs of newcomers to help ensure that its funding was distributed to the appropriate mix of services.

In our follow-up, MCCSS informed us that as of April 2019, all transfer payment funding for settlement and integration programs had been consolidated into one program funding envelope to provide flexibility to allocate funding based on the demand and need for each of its services. MCCSS also completed a review of its language training program in September 2019, which included an analysis of the demand for the program. In addition, MCCSS advised us that it was reviewing the newcomer settlement program and expected to complete the review by the end of 2019. MCCSS noted it would use these reviews to determine the future direction of the programs, including the optimal mix of services to better meet the needs of newcomers, and anticipates that any changes to funding would occur after April 2021.

Recommendation 2

To better ensure that it allocates funding to the highest scoring service providers based on the needs and outcomes of the newcomers they serve, we recommend that the Ministry of Citizenship and Immigration:

- *establish a minimum score that all service providers have to exceed to be eligible for continued*

or new funding so that funding is not provided where significant concerns have been identified;

Status: In the process of being implemented by MCCSS by January 2020. MTCU has made little or no progress.

Details

In our 2017 audit, we found that funding for bridge training and newcomer settlement is awarded to service providers based on the Ministry's assessment of their submitted proposals, and that the Ministry had not established minimum scores required for applicants to qualify for funding. For example, our review of approved proposals for bridge training found that five of the 17 approved proposals to renew existing programs scored less than 50%, including one that received a score of just 27%.

In our follow-up, MCCSS advised us that it had reviewed its assessment tools and standards for awarding funding to service providers. In March 2019, MCCSS completed the development of draft guidelines requiring service providers to receive a score of at least 60% to be eligible for new or continued MCCSS funding. MCCSS intends to finalize and implement these guidelines by January 2020.

In November 2018, responsibility for the bridge training program was transferred to MTCU. To date, MTCU has not made progress toward implementing this recommendation. MTCU advised us that the vast majority of the bridge training projects it is currently funding ended the first year of a three-year cycle on March 31, 2019. MTCU also advised us that to address the recommendation, it will determine the means by which it will select the service providers it will fund, and then establish a robust scoring process to determine who qualifies for funding. It plans to implement this recommendation by November 2020.

- *document the rationale for its selection and non-selection decisions;*

Status: In the process of being implemented by MCCSS by January 2020. MTCU has made little or no progress.

Details

In our 2017 audit, we found that the Ministry did not consistently provide an appropriate rationale for why it funded lower-scoring service providers of bridge training and newcomer settlement. For example, we found that in some instances, higher-scoring proposals to provide newcomer settlement services in similar geographic areas were rejected in favour of lower-scoring proposals. We noted that there was no clear rationale documented to demonstrate why these decisions were made, and the Ministry was unable to provide us with an explanation.

In our follow-up, we found that MCCSS had developed draft guidelines for the allocation of funding to service providers. These guidelines specifically require staff who assess a service provider's proposal for funding to provide a clear and detailed written rationale to support the funding recommendation. MCCSS intends to finalize and implement these guidelines by January 2020.

In November 2018, responsibility for the bridge training program was transferred to MTCU. To date, MTCU has not made progress toward implementing this recommendation. MTCU advised us that the vast majority of the bridge training projects it is currently funding ended the first year of a three-year cycle on March 31, 2019. MTCU also advised us that to address the recommendation, it will determine the means by which it will select the service providers it will fund, and then establish a robust scoring process for their selection, which is to include documenting the rationale for selecting or not selecting a service provider. It plans to implement this recommendation by November 2020.

- *extend the length of time between notification and submission of bridge training proposals to provide service providers with sufficient time*

to prepare proposals for programs that address the employment and licensure training needs of newcomers;

Status: Little or no progress.

Details

In our 2017 audit, we found that the Ministry provided only two months for applicants to prepare and submit proposals for new bridge training programs. The service providers we spoke to expressed concerns, including that the time provided was not sufficient, the timing of the requests for proposals (which were issued in the summer) made preparation more challenging, and that it would be helpful if the Ministry provided notice in advance of issuing a request for new proposals. Ministry management similarly agreed that it would be helpful to provide advance notice and more time to prepare proposals for new programs.

In November 2018, responsibility for the bridge training program was transferred to MTCU. To date, MTCU has not made progress toward implementing this recommendation. MTCU advised us that the vast majority of the bridge training projects it is currently funding ended the first year of a three-year cycle on March 31, 2019. MTCU also advised us that to address the recommendation, it will determine the means by which it will select the service providers it will fund, and ensure enough time is provided to prepare proposals. It plans to implement this recommendation by November 2020.

- *include criteria in its assessment of service provider proposals for funding that assess whether the requested funding is commensurate with the value of services to be provided.*

Status: In the process of being implemented by MCCSS by January 2020. MTCU has made little or no progress.

Details

In our 2017 audit, we found that while the Ministry's criteria for assessing proposals for bridge training and newcomer settlement funding included an assessment of the quality of the budget

submitted by each applicant, the Ministry did not assess the cost-effectiveness of proposals against pre-established targets. We found that service costs per person varied significantly among providers delivering these services. For newcomer settlement service providers, we noted that the contracted average cost per client visit across all core service providers in 2016/17 was \$61. However, we found that the contracted cost differed substantially across service providers, from a low of \$19 to a high of \$354 per visit. For bridge training, the average cost per participant expected to obtain employment was targeted at \$11,900. However, we noted that the cost differed substantially across different programs, from a low of \$3,100 to a high of \$44,700.

In our follow-up, we found that MCCSS had updated its proposal assessment criteria and incorporated specific value for money and cost-effectiveness criteria such as cost per unit of service, cost per client, and cost per outcome in the draft guidelines for allocation of funding that it plans to use to assess service provider proposals and inform funding decisions. MCCSS plans to finalize and implement these guidelines by January 2020.

In November 2018, responsibility for the bridge training program was transferred to MTCU. To date, MTCU has not made progress toward implementing this recommendation. MTCU advised us that the vast majority of the bridge training projects it is currently funding ended the first year of a three-year cycle on March 31, 2019. MTCU also advised us that to address the recommendation, it will determine the means by which it will select the service providers it will fund, and put in place criteria to assess whether the funding is commensurate with the value of the service to be provided. It plans to implement this recommendation by November 2020.

Ministry Does Not Consistently Monitor Service Providers to Confirm That Services Are Delivered Cost-Effectively

Recommendation 3

So that the Ministry of Citizenship and Immigration (Ministry) has accurate and reliable information to monitor the settlement and integration services it funds and can make informed decisions on its programs, we recommend that the Ministry implement a process to periodically validate the accuracy of service and financial information reported by service providers.

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

MTCU has made little or no progress.

Details

In our 2017 audit, we found that the Ministry did not have sufficient processes in place to validate the accuracy of service data and most financial information it collected and used to monitor and fund service providers. We also found that the Ministry had not addressed issues identified in a 2013 Ministry review about the accuracy of service and financial data collected from service providers.

In our follow-up, MCCSS advised us that as a result of the recent transfer of settlement and integration programs to MCCSS from the former Ministry of Citizenship and Immigration, it is currently reviewing existing tools and resources that guide the monitoring and validation of reporting in other MCCSS transfer payment programs. MCCSS advised us that it has revised contracts with newcomer settlement service providers and was in the process of implementing revised contracts with language training service providers by the end of 2019 to require project-specific audited financial information. MCCSS also identified that it plans to implement new procedures for the validation of service information, including guidelines for site monitoring activities to validate service information reported by transfer payment recipients, by April 2020. MCCSS advised us that these guidelines

will be used to validate service information starting in the 2020/21 fiscal year.

In November 2018, responsibility for the bridge training program was transferred to MTCU. To date, MTCU has not made progress toward implementing this recommendation. MTCU advised us that that it is reviewing and assessing the bridge training program to address the issues raised in our 2017 audit, and plans to take steps to implement this recommendation by March 2021.

Recommendation 4

So that settlement and integration services provided to newcomers are cost-effective, accessible and timely, and effectively meet the needs of newcomers, we recommend that the Ministry of Citizenship and Immigration:

- *periodically collect relevant information (such as on wait times and barriers to accessing services) from service providers, newcomers and other relevant stakeholders and, where necessary, take corrective action;*

Status: Little or no progress.

Details

In our 2017 audit, we found that with the exception of the language training program, the Ministry did not collect wait times for the services it funded to help assess if newcomers were served on a timely basis. Although the Ministry had the ability to produce reports on wait lists for language training, we were informed that it could only do so at a specific point in time and was unable to produce reports for average wait times over a period of time. We also noted that recent reports, including Ministry-commissioned evaluations of its language training and newcomer settlement services, identified accessibility concerns.

In our follow-up, we found that MCCSS had made limited progress toward implementing this recommendation. MCCSS had undertaken analysis of language training wait-list data and identified opportunities to address issues by following up with

those providers who have the longest wait lists to discuss options and to implement corrective action. MCCSS also advised us that it planned to enhance its wait list information to track wait lists by individual course by the end of 2019.

MCCSS also participated in consultations and focus groups in 2018 and 2019 with service providers and newcomer clients to better understand the needs of newcomer clients and the barriers they face. As well, for 2018/19, MCCSS has added a question related to client barriers and wait lists that service providers are to report to it on. MCCSS advised us that is currently analyzing information from these reports, and plans to complete its analysis by the end of 2019. MCCSS noted that it plans to implement changes related to any issues and barriers that it identifies that can be addressed quickly by January 2020, and determine a timetable to implement changes that will take considerably more time after it completes its analysis.

In November 2018, responsibility for the bridge training program was transferred to MTCU. To date, MTCU has not made progress toward implementing this recommendation. MTCU advised us that that it is reviewing and assessing the bridge training program to address the issues raised in our 2017 audit, and plans to take steps to implement this recommendation by March 2021.

- *record all relevant service and financial information in its information systems to enable periodic monitoring of services and service providers;*

Status: Little or no progress.

Details

In our 2017 audit, we found that with the exception of language training, where detailed service information was recorded in the Ministry's IT systems, the Ministry was not sufficiently using its IT systems to aggregate service and financial information reported by service providers. As a result, the Ministry was not able to generate reports that compare

service and financial information between service providers to identify significant differences.

In our follow-up, we found that MCCSS had made limited progress toward implementing this recommendation. MCCSS advised us that, as was the case at the time of our 2017 audit, procedures are in place to record relevant service information in its database to track language training services. However, for the newcomer settlement program, service and financial data is being recorded and aggregated in spreadsheets. The Ministry was unable to provide a timetable for when it plans to begin to record information for the newcomer settlement program in its information systems. However, it noted that it is participating in a cross-ministry transfer payment modernization initiative that aims to develop common business, data collection and reporting processes utilizing its IT systems.

In November 2018, responsibility for the bridge training program was transferred to MTCU. To date, MTCU has not made progress toward implementing this recommendation. MTCU advised us that that it is reviewing and assessing the bridge training program to address the issues raised in our 2017 audit, and plans to take steps to implement this recommendation by March 2021.

- *identify instances when service providers do not meet their contracted service and financial targets, follow up to assess the reasonableness of deviations from targets, and take corrective action where necessary;*

Status: MCCSS has fully implemented this recommendation and MTCU has made little or no progress.

Details

In our 2017 audit, we found that although the Ministry had processes in place to monitor whether service providers met their service and performance targets for both the bridge training and newcomer settlement programs, it did not consistently follow up with service providers when

they fell short of their targets, to assess if corrective action was needed.

In our follow-up, MCCSS informed us that for the 2018/19 fiscal year, it had taken follow-up and/or corrective action in 94 instances where service providers did not meet contracted service or financial targets. These actions included changes to payments and requests for additional financial and service information to address discrepancies between approved budgets and reported targets. MCCSS indicated that effective fall 2018 reporting templates were updated to reflect new procedures implemented to support consistent follow-up with service providers who fail to meet targets.

In our follow-up, we found that MTCU had undertaken some steps toward implementing this recommendation but significant work remained outstanding. MTCU informed us that since assuming responsibility for the bridge training program in 2018, it has reviewed program delivery and accountability practices and provided training to regional staff on how to review reports submitted by service providers. At the time of our follow-up, MTCU noted that it was collecting and reviewing service and financial information reported by service providers for the 2018/19 year to assess service provider performance and evaluate whether corrective action is necessary. However, MTCU noted that to fully implement the recommendation, it also plans to develop monitoring tools to better track performance, and take steps to emphasize performance by monitoring and reducing funding to service providers that do not meet their contracted targets. MTCU was planning to fully implement this recommendation by March 2021.

- *periodically review and assess the significant differences between service provider costs to assess their reasonability, and to take action when they are not reasonable.*

Status: Little or no progress.

Details

In our 2017 audit, we found that although the Ministry had manually aggregated much of the service and financial information reported by service providers, it did not use this information to identify and assess significant cost differences between service providers to help identify opportunities to improve the cost-effectiveness and efficiency of its services. From a review of service and financial information, we identified significant cost differences between service providers that should be followed up on to determine whether they are reasonable or, if not, where corrective action should be taken.

In our follow-up, MCCSS advised us that it was in the beginning stages of benchmarking the services it funds against similar services, as well as analyzing cost differences between the service providers it funds to assess the reasonability of their service delivery costs. MCCSS expects to begin taking corrective action based on this analysis by the end of March 2020.

In our follow-up, we found that MTCU had not made progress toward implementing this recommendation. MTCU noted that it was collecting and reviewing service and financial information reported by service providers for the 2018/19 year. MTCU advised us that it plans to fully implement the recommendation by March 2021.

Performance Measurement Is Insufficient to Enable Management to Make Informed Decisions and Assess Whether Newcomers Are Successfully Settled

Recommendation 5

To help determine whether the Ministry of Citizenship and Immigration's (Ministry's) settlement and integration goals for newcomers are met, and to enable the Ministry to assess the effectiveness of the settlement and integration services it funds, we recommend that the Ministry:

- *establish settlement and integration milestones for newcomers and reasonable time frames for achieving such milestones to measure against;*
Status: In the process of being implemented by March 2020.

Details

In our 2017 audit, we found that although the Ministry's goal was to successfully settle and integrate newcomers socially and economically, it had not established milestones and time frames to determine when this goal is reached. We noted that Ministry management and the newcomer settlement service providers we visited agreed that this would be helpful in periodically measuring the progress of newcomers in settling and integrating.

In our follow-up, we found that MCCSS had started to develop settlement and integration milestones for newcomers and time frames to reach such milestones. Work completed to date includes a literature scan to identify models for measuring settlement and integration outcomes; a jurisdictional scan of federal, provincial and territorial approaches to settlement and integration programming and performance measurement; and the development of a draft milestones framework. MCCSS has developed sample milestones that plot various time frames against potential outcomes for areas of integration that include language and communication, economics, education, housing and health. It plans to complete the framework by March 2020.

- *establish performance indicators and targets that provide sufficient information to help the Ministry measure the progress of newcomers and the outcomes from specific services provided to newcomers in helping them successfully settle and integrate in Ontario;*
Status: Little or no progress.

Details

In our 2017 audit, we found that although the Ministry had established four new performance indicators, they may not have been sufficient to

monitor the settlement and integration outcomes of the newcomers it serves. We found that Ministry performance indicators did not measure key aspects of integration, including health, housing and education. As well, we found that performance targets were not detailed enough to monitor newcomer employment and inform policy and programming decisions.

In our follow-up, MCCSS informed us that the future direction of its settlement and integration services is currently under review. MCCSS noted that it is exploring options for future program design and delivery and it expects to decide on a program framework by the end of 2019. It plans to establish a performance measurement strategy by February 2020 following decisions on a future program framework and direction.

- *consistently monitor the performance of its services and service providers to identify and take corrective action where targets and expectations are not being met.*
Status: Little or no progress.

Details

In our 2017 audit, we found that the Ministry did not consistently monitor the performance information it collected from service providers that deliver settlement and integration services to identify instances that required follow-up and corrective action. As well, we found that the Ministry did not have consistent performance indicators to help measure the effectiveness of its settlement and integration services. We found that the Ministry had not established a process for analyzing performance information collected from service providers and could not demonstrate that senior management was using this information to assess the effectiveness of its settlement and integration services.

In our follow-up, we found that MCCSS had made little progress toward implementing this recommendation. MCCSS advised us that it planned to analyze language training data to review learner progression results in order to identify instances

where its expectations are not being met, and to bring such instances to the attention of service providers for corrective action by the end of 2019. However, as at the time of our 2017 audit, MCCSS did not periodically measure and monitor the effectiveness of its newcomer settlement services.

We found that MTCU had made some progress toward implementing this recommendation, but significant work remained outstanding to fully implement it. MTCU informed us that since assuming responsibility for the bridge training program in 2018, it had provided training to regional staff on how to review reports submitted by service providers. At the time of our follow-up, MTCU noted that it was collecting and reviewing information reported by service providers for the 2018/19 year to assess their performance and evaluate whether corrective action is necessary. However, MTCU noted that to fully implement the recommendation, it also plans to develop monitoring tools to better track performance, and take steps to emphasize performance by monitoring and reducing funding to service providers that do not meet their contracted targets. MTCU was planning to fully implement this recommendation by March 2021.

Some Newcomers Are Not Aware of Available Settlement Services

Recommendation 6

To help ensure that newcomers are aware of available services that can help them successfully settle and integrate in Ontario, we recommend that the Ministry of Citizenship and Immigration:

- *translate its relevant website and other key information about its settlement services into languages that are understood by newcomers;*
Status: Little or no progress.

Details

In our 2017 audit, we found that MCCSS's two websites that provided information on its settlement and integration services were available only in

English and French. Therefore, newcomers not proficient in either language may not have found them useful to obtain the information they need. A 2016 external evaluation of language training included a survey of school board representatives and identified that 74% of respondents indicated that lack of information promoting language training services in the first language of newcomers is a reason why learners lack an awareness of the program.

In our follow-up, we found that MCCSS had migrated to one primary website. We reviewed the website during our follow-up and found that MCCSS had translated the content of the website's landing pages that identify key services for newcomers, including MCCSS settlement programs, into 26 languages. MCCSS advised us that it selected these languages because they are commonly spoken in Ontario. However, MCCSS advised us that due to cost constraints it had not translated the supporting information within the website links, including its own program information on language training and newcomer settlement services. As a result, newcomers may still lack awareness of available services that can help them successfully settle and integrate in Ontario. MCCSS advised us that it is currently reorganizing the site's content and developing a new landing page, which it intends to complete by the end of 2019.

- *assess the effectiveness of its communication efforts to identify and take action on areas of weakness;*

Status: Little or no progress.

Details

In our 2017 audit, we found that although the Ministry provided information on the settlement and integration services it funds on its websites, it did not have a formal communications strategy, or a process in place to assess the effectiveness of its communications efforts to identify gaps, help ensure newcomers are aware of services available to them and determine if it is meeting the needs of newcomers. We reviewed external evaluations

commissioned by the Ministry on its settlement and integration services, spoke with newcomer settlement service providers, and reviewed Ministry service data on language training, and we noted that newcomers may not always be aware of the services available to them.

In our follow-up, we found that MCCSS had made limited progress toward implementing this recommendation. To date, MCCSS has been collecting metrics, such as average visits per month, from its website and social-media platforms, including Twitter and Facebook. MCCSS plans to begin regularly evaluating the effectiveness of its content in 2020.

- *work with service providers to identify opportunities to further improve newcomer awareness of services in Ontario.*

Status: Little or no progress.

Details

In our 2017 audit, the newcomer settlement service providers we visited reported that newcomer awareness of settlement services could be improved. One service provider estimated that 40% of newcomers were not aware of available settlement services. All the service providers we spoke to indicated that they primarily rely on word of mouth for outreach, and that further outreach activities would be helpful in reaching newcomers.

In our follow-up, we found that MCCSS had taken limited action toward implementing this recommendation. It advised us that it has worked with select service providers to conduct focus group meetings with newcomers in order to receive input on newcomer settlement needs and experience, and that these discussions generated recommendations about opportunities to improve newcomer awareness of services in Ontario. It advised us that decisions regarding whether and how to further engage service providers in discussions are pending and expected by the end of 2019.

Silos in Service Delivery Keep Provincial and Federal Programs from Realizing Their Full Potential to Help Newcomers

Recommendation 7

To improve the efficiency of its settlement and integration services and the outcomes of the newcomers they are provided to, we recommend that the Ministry of Citizenship and Immigration work with the federal government to:

- *put in place as soon as possible an agreement to co-ordinate their settlement and integration services to minimize duplication of services;*

Status: Fully implemented.

Details

In our 2017 audit, we found that although the Ministry and the federal government both provide similar services to help settle and integrate newcomers, there had been limited co-ordination to avoid duplication of the services they both provide. We also noted that the Ministry previously had an agreement with the federal government to co-ordinate their respective settlement and integration services, but the agreement had expired in 2011 and had not been replaced. At the time of our audit the Ministry advised us that it was in the process of negotiating a new agreement with the federal government.

In our follow-up, we found that in November 2017, Canada and Ontario had signed the five-year Canada-Ontario Immigration Agreement (COIA), which formalizes the federal-provincial partnership on immigration matters.

MCCSS also informed us that Ontario had signed three related memorandums of understanding with the federal government intended to enhance the sharing of best practices, improve co-ordination of settlement and integration services, and reduce duplication.

- *identify and share best practices in the delivery of settlement and integration services for newcomers.*

Status: Fully implemented.

Details

In our follow-up, we found that in December 2017, Ontario signed the Canada-Ontario Settlement and Integration Memorandum of Understanding with the federal government to work collaboratively and share newcomer program and service information, as well as best practices.

In our follow-up, we also found that MCCSS had taken action to identify and share best practices, through its participation in Federal-Provincial-Territorial Working Groups (Groups) that were established to advance work on common priorities related to newcomer integration and to share information, research and best practices. The Groups include representation from the federal government as well as other Canadian provinces and territories. Recently, the Groups have focused on newcomer pre-arrival supports, mental health supports, social media, newcomer employment, literacy and employment-related language training, and performance measures for settlement outcomes. MCCSS advised us that this information would help inform its future program directions and changes.

Co-ordination between Ministries Has Been Inadequate to Help with Overall Integration of Newcomers

Recommendation 8

To help meet the needs of the newly arrived Syrian refugees, we recommend the Ministry of Citizenship and Immigration's Refugee Resettlement Secretariat work with the other ministries it has provided recommendations to on services that include employment, health and housing, in order to establish timelines for their implementation, and to periodically report on their progress.

Status: Little or no progress.

Details

In our 2017 audit, we found that the Ministry's former Syrian Refugee Resettlement Secretariat (Secretariat), established in response to the federal government's launch of a national plan to resettle

Syrian refugees, consulted with organizations and individuals involved in resettling Syrian refugees to identify and make recommendations on opportunities for improving service delivery to the Ministry as well as other ministries. The Secretariat identified gaps and made recommendations related to issues that include employment, housing and health. However, it advised us that specific action had yet to be taken to address these gaps and recommendations. In June 2017, the Secretariat was replaced by the Refugee Resettlement Secretariat, which had a broader mandate that focused on all refugees.

In our follow-up, we found that MCCSS had not made significant progress toward implementing this recommendation. MCCSS informed us that the Refugee Resettlement Secretariat concluded its mandate on March 31, 2019, but noted that it plans to continue the work started by the Secretariat. MCCSS plans to create an inter-ministerial policy framework by March 2020 that includes several Ontario ministries to build a whole-of-government approach to addressing immigrant and refugee settlement and integration goals.

MCCSS also noted that it has started to develop a settlement and integration milestones framework for newcomers and time frames to reach such milestones. MCCSS plans to complete its milestones framework by March 2020 and to begin reporting on the achievement of milestones in 2020/21, including those related to housing, education, health care and employment.

Recommendation 9

To help meet its goals to successfully settle and integrate newcomers, we recommend that the Ministry of Citizenship and Immigration work with other ministries that provide services that can contribute to the successful integration of newcomers to:

- *obtain and use information on the number and outcomes of newcomers served in these programs, to help the Ministry assess the degree to which newcomers are settling and integrating;*

Status: Little or no progress.

Details

In our 2017 audit, we found that with the exception of the Syrian Refugee Resettlement Secretariat's work surrounding Syrian refugees, the Ministry's co-ordination with other Ontario ministries that provide services to newcomers that can help them to settle and integrate had been limited. As well, we noted that the Ministry did not have formal arrangements in place to receive information from other ministries on the number of newcomers they serve and their outcomes.

In our follow-up, we found that MCCSS had not made significant progress toward implementing this recommendation. However, MCCSS noted that it plans to create an inter-ministerial policy framework by March 2020 that includes several Ontario ministries to build a whole-of-government approach to addressing immigrant and refugee settlement and integration goals.

MCCSS also distributed a survey to other Ontario ministries in 2019 to identify programs and services supporting newcomer integration, and to identify whether they collect information on use of services by newcomers. MCCSS plans to use the information from the survey to identify ministries with which an ongoing collaboration should be developed to review programs, data and outcomes of immigrants. MCCSS advised us that it is difficult to estimate an implementation date for this recommendation due to the collaborative nature of the work.

- *identify and explore opportunities to increase the use of services that demonstrate a significant contribution to the settlement and integration of newcomers.*

Status: Little or no progress.

Details

In our 2017 audit, we found that the Ministry's co-ordination with other Ontario ministries that provide services to newcomers that can help them to settle and integrate had been limited. We contacted several ministries and identified a number of services they provide that can contribute to the successful integration of newcomers. In addition,

several ministries provided us with information about the number of newcomers they serve and, where available, service outcomes.

In our follow-up, we found that MCCSS had not made significant progress toward implementing this recommendation. MCCSS advised us that it surveyed different ministries in 2019 on the programs and services they provide that contribute to newcomer integration. The Ministry advised us that it plans to use the results of the survey to begin collaborating with the relevant ministries in order to identify opportunities for increasing services that demonstrate successful settlement and integration of newcomers.

Recommendation 10

We recommend that the Ministry of Citizenship and Immigration collect relevant information to further inform its discussions with the federal government, which is responsible for immigration in Canada, with respect to the federal government's allocation of funding to the Province.

Status: Little or no progress.

Details

In our 2017 audit, we found that the Ministry was not aware of the total spending related to newcomers across all ministries in Ontario, and advised us that no one ministry had this information. As well, we found that the Ministry did not have formal arrangements in place to receive information from other ministries on the number of newcomers they serve and their outcomes.

MCCSS informed us that it distributed a survey to other Ontario ministries to identify programs and services they provide that support newcomer integration. MCCSS plans to work with ministries that provide such programs and services to identify cost and service information in order to inform bilateral discussions on cost-sharing for expenditures with the federal government. MCCSS also informed us that it has had two discussions with the federal government to discuss service costs associated with refugee claimants.

Chapter 1

Section 1.14

Ministry of Municipal Affairs and Housing

Social and Affordable Housing

Follow-Up on VFM Section 3.14, *2017 Annual Report*

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the 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	2			2		
Recommendation 4	2	1		1		
Recommendation 5	1			1		
Recommendation 6	2	1		1		
Recommendation 7	1				1	
Recommendation 8	1	1				
Recommendation 9	2	1	1			
Recommendation 10	1			1		
Recommendation 11	2			2		
Recommendation 12	1				1	
Recommendation 13	4			4		
Recommendation 14	1		1			
Recommendation 15	1	1				
Total	24	5	3	14	2	0
%	100	21	13	58	8	0

Overall Conclusion

As of September 2019, the Ministry of Municipal Affairs and Housing has fully implemented 21% of the actions we recommended in our

2017 Annual Report. The Ministry is in the process of implementing a further 13% of the actions we recommended.

For example, the Ministry has either fully implemented, or is in the process of implementing:

- tracking and reporting on the number of subsidies municipal service managers provide, compared to the legislated standard of providing social housing to a minimum of 186,717 households across the province, and following up to develop action plans when standards are not met; and
- simplifying the rent-geared-to-income calculation.

However, the Ministry has made little progress implementing 58% of the actions we recommended. At the time of our follow-up, some of the areas that still required significant work included:

- gathering and analyzing information on social housing vacancy rates, wait lists and the living conditions of individuals waiting to receive social housing to enable housing programs to be designed and delivered based on actual needs in communities;
- co-ordinating with municipal service managers and ministries such as the Ministry of Colleges and Universities, the Ministry of Labour, Training and Skills Development, and the Ministry of Children, Community and Social Services (formerly the Ministry of Advanced Education and Skills Development, and the Ministry of Community and Social Services) to support social housing recipients transitioning out of social housing; and
- requiring that municipal service managers conduct reviews, and implement policies and procedures to ensure that social housing subsidies are provided only to eligible tenants.

Overall, the Ministry advised us that it remains committed to implementing most of our recommendations; however, more time would be needed. We also found the Ministry will not be implementing two, or 8%, of our recommended actions.

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

Background

According to Statistics Canada, 1.8 million low-income individuals lived in Ontario in 2017 (1.9 million in 2016). Low-income individuals are defined as those living in a household whose take-home income is less than half of the median after-tax income of comparably sized households.

Low-income Ontarians who have to pay market rates for rental housing often have little money left for other essentials such as food, forcing some of them to live in shelters or housing inadequate for their family's needs.

In response, the province developed a variety of programs over many years to help these Ontarians attain affordable housing, defined as costing no more than 30% of a household's total pre-tax income.

The biggest such program, governed by the *Housing Services Act* (Act), requires municipalities to provide social housing to about 187,000 households in the province, operated mainly by not-for-profit organizations, co-ops, and municipal housing corporations for which tenants receive benefits so that their rent is equal to 30% of their gross income.

About another 78,000 units not covered by the Act offer rents-geared-to-income or lower-than-market rates. Since 2002, the federal and provincial governments have also jointly funded additional initiatives aimed at increasing the availability of housing for low-income households.

Our audit in 2017 found that there was no provincial strategy to address growing social housing wait lists or the housing needs of growing numbers of low-income Ontarians. Some specific observations in our audit included:

- Ontario had the largest social housing wait list in the country. There were more people on wait lists for social housing than there were occupying social housing. As of December 2016, Ontario's wait list was 185,000 households, representing about 481,000 people, or 3.4% of the province's total population. This

represented the highest proportion of any province.

- Wait times were lengthy and growing even longer. Applicants on wait lists could only get a social housing subsidy when a vacancy arose. However, only about 5% of people on wait lists got housing in any given year. Wait times at the service providers we visited ranged from about two years to over nine years.
- Housing was provided on a first-come, first-served basis, not on assessed need. Apart from victims of abuse, who received priority, there were no other provincial priorities, and thus housing was provided based largely on when an applicant joined the wait list. We noted that British Columbia, for example, assessed factors such as income level, rent paid, and adequacy of current housing conditions. In Ontario, most applicants received a subsidy generally based on when they joined the wait list; applicants had been known to own assets such as a home, or be living and working in other provinces, while being on Ontario's wait lists.
- Few affordable units had been built since 1996. Despite an increase in demand, only 20,000 below-market units had been built in the previous two decades. Governments had not made the building of affordable rental units a priority. Since 1996, 1.3 million new condominium units and houses had been built in the province, but only 71,000 market-rate rental units and 20,000 affordable rentals.
- Affordability challenges were likely to increase over the 15 years after our audit. Contracts with housing providers to offer affordable rents for 83,000 units were beginning to expire (about 50% will have expired by the end of 2020, and the last by 2033). Some housing providers had already increased rents and were converting affordable units (about 20% below-market rent) to market-rent units. The Ministry of Housing (Ministry) did not have complete information on how many affordable

units had been lost and what the impact had been on tenants.

We made 15 recommendations, consisting of 24 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 2019 and September 2019. We obtained written representation from the Ministry of Housing and Municipal Affairs that effective October 31, 2019, it had provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Need for Social Housing Growing While Vacancies Decreasing

Recommendation 1

In order for housing programs to be designed and delivered based on actual needs in communities, we recommend that the Ministry of Housing:

- *co-ordinate with municipal service managers to periodically gather and analyze information on social housing vacancy rates, wait lists, and the living conditions of individuals waiting to receive social housing, and other relevant data,*
Status: Little or no progress.

Details

In our 2017 audit, we noted that the number of applicants on wait lists for social housing in Ontario had increased by 36% from 136,000 households in 2004 to 185,000 households in 2016. In the Greater Toronto and Hamilton Area, the increase was even greater at 41%. We also noted that data on causes of these significant

increases, such as rising immigration to urban centres and the rise in housing prices, were not collected by the Ministry.

Our 2017 audit also found that the Ministry did not collect information on the difficulties faced by those on wait lists, but a few municipal service managers had conducted surveys of wait-listed applicants to try to gain a deeper understanding of their situations. In one area with about 6,000 individuals on the wait list, the municipal service manager noted that single adults who received social assistance did not have enough income to afford market rents and frequently used emergency shelters.

Our 2017 audit also identified that although wait-time information and the number of vacancies filled each year were available from municipal service managers, the Ministry did not obtain, track or analyze this information. Such central analysis would have assisted in making informed policy decisions that could have addressed the trend toward fewer available vacancies for applicants.

In our follow-up, we found that although the Ministry had taken some steps toward implementing this recommendation, significant work remained outstanding.

The steps the Ministry had already taken to coordinate with municipal service managers to gather and analyze information included:

- administering a one-time survey to municipal service managers in 2018 to gather information on how social housing wait lists are managed across the province, including the number of households on each municipal service manager's wait list and each household's priority status;
- evaluating the Investment in Affordable Housing program (completed in 2018), including gathering information from a small subset of households on social housing wait lists to better understand their situations and whether their needs were being met;

- identifying strategies with municipal service managers to collect and manage more useful data on housing and homelessness;
- negotiating with the Canada Mortgage and Housing Corporation to receive data on social housing vacancy rates, turnover rates, and average wait times from their Social and Affordable Housing Survey; and
- completing a data collection plan in September 2019 to identify the data the Ministry intends to collect and the sources from which to collect it from.

However, the Ministry's data collection plan outlines a number of steps that are outstanding to implement the plan and begin gathering and analyzing the data to address this recommendation. This includes developing a participant outcome survey to, among other things, understand the needs and housing situation of social housing program participants, and implementing changes to its existing data reporting processes with municipal service managers to collect data on social housing vacancy rates and information on wait lists.

- *refine and design housing programs based on the needs identified.*

Status: Little or no progress.

Details

In our follow up, we found that that the Ministry had taken some steps to refine programs based on identified needs. For example, the Ministry used the results of a 2018 evaluation to make program changes related to affordable housing. These changes included removing the \$150,000 funding maximum for the construction of rental housing units to encourage the development of larger units for bigger families.

However, we found that the Ministry was still implementing its data collection plan to periodically gather and analyze the data needed to refine and design housing programs based on identified needs.

Housing Provided to Applicants on a First-Come First-Served Basis, Not on Assessed Need

Recommendation 2

To better ensure that limited resources are used to help households with the highest needs, we recommend that the Ministry of Housing work with municipal service managers on developing a new needs-based eligibility and prioritization process that incorporates relevant information, such as assets owned by applicants, when deciding who should receive social housing subsidies.

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

Details

In our 2017 audit we noted that as there were 185,000 households on wait lists for social housing, and only 5% of current units become available each year, it would be reasonable for the Ministry to try to ensure that those with the greatest need were prioritized when units become available.

Municipal service managers are not required to provide available subsidies based on need. Rather, the *Housing Services Act* requires that housing decisions be made according to when applicants were placed on the wait list, with the exception of individuals experiencing domestic abuse, who receive first priority.

We also noted that although municipalities can establish local priorities, not all do so. As a result, local priorities vary significantly across the province. For example, households at risk of eviction are prioritized in only two of the 47 areas in the province.

In our follow-up, we found that the Ministry had made some progress toward implementing this recommendation. The Ministry researched wait-list models in other jurisdictions, and surveyed municipal service managers in 2018 to gather information on how social housing wait lists are managed across the province, including local priorities, rules and asset limits. The Ministry also advised us that to begin addressing this recommendation, regulatory changes were made in September 2019 that will

restrict the ability of households on wait lists for social housing to refuse offers of assistance, except in extenuating circumstances. All municipal service managers are required to comply with this change by January 1, 2021.

To work towards implementing this recommendation the Ministry also plans to require municipal service managers to set asset limits for households applying for rent-geared-to-income assistance. The Ministry advised us that this change could come into effect as early as July 1, 2020. To fully address this recommendation, the Ministry expects to complete the development of a new needs-based eligibility and prioritization system by December 2021.

Ontario Is Not Effective in Transitioning Tenants Off Social Housing

Recommendation 3

To support social housing recipients in transitioning out of social housing, we recommend that the Ministry of Housing co-ordinate with municipal service managers, the Ministry of Community and Social Services, and the Ministry of Advanced Education and Skills Development to:

- *develop and implement a process that provides dedicated supports, such as employment or educational supports, to those social housing tenants who are able to enter the workforce or upgrade their education;*

Status: Little or no progress.

Details

Our 2017 audit found that even though Ontario has an employment supports system, there was a lack of co-ordination between Ontario Works, the provincial employment support program, and the municipal service managers delivering social housing. We noted there are no targeted programs for social housing recipients who are able to work and might improve their incomes, move to market units, and create vacancies for other individuals in need.

Although the Ministry advised us that municipal service managers may provide such programs, we noted from our survey and field visits that many municipal service managers did not provide such programs as they are not legally obligated to do so.

In our 2017 audit, we also found that while Ontario offers rent discounts to students pursuing higher education, these incentives are not offered to all students. Adults upgrading their education as mature students are not offered rent discounts offered to students who have recently graduated high school, creating a disincentive for mature adults to pursue higher education.

In our follow-up, the Ministry advised us that regulatory amendments had been made to exempt the income of all tenants in full-time studies from rent calculations—removing the disincentive for mature adults to pursue higher education. These changes are scheduled to take effect by July 1, 2021. However, we found that the Ministry’s progress toward implementing this recommendation had been otherwise limited. The Ministry had researched improving tenant economic mobility, and access to education and employment supports for social housing tenants. The Ministry had also begun to explore partnerships with other ministries including the Ministry of Colleges and Universities, and the Ministry of Labour, Training and Skills Development (formerly the Ministry of Advanced Education and Skills Development) to develop education and employment supports for social housing tenants.

The Ministry advised us that changes to employment support programs at partner ministries were pending. The Ministry advised that it would work with partner ministries, once changes were finalized, to implement this recommendation by December 2020.

- *track and report on metrics that assess the effectiveness of this transition process.*

Status: Little or no progress.

Details

In our follow-up, we found that the Ministry’s progress to implement this recommendation had been limited. The Ministry had drafted metrics that could provide insight on whether social housing recipients are receiving supports to help them transition out of social housing. However, the Ministry was not yet collecting this information. In addition, a process to provide dedicated supports to social housing recipients to help them transition out of social housing, such as employment or educational supports, had not been developed. Similarly, metrics related to such supports had not been established.

Affordability Challenges Likely to Occur When Housing Contracts and Rent Supplements Expire over the Next Decade

Recommendation 4

To proactively assess the impact of housing providers’ contract expirations on low-income tenants, we recommend that the Ministry of Housing work with municipal service managers to:

- *identify the impact of contract expirations on the overall supply of affordable housing stock;*

Status: Fully implemented.

Details

In our 2017 audit, we noted that there was a possibility that housing providers for about 83,000 units would convert affordable rental units to market-rate rental units. Province-wide, 50% of the contracts with housing providers for these units will expire by 2020, and the remainder by 2033 at the latest. These 83,000 units accounted for almost one-third of the 285,000 affordable rentals across the province. However, we noted that the Ministry had not taken an active role in addressing the potential consequences of these expiring contracts.

In our 2017 audit, we noted that the Ministry had attempted to gather basic data on the number

of units that had been converted to market-rate rents. However, the data was incomplete and lacked the detail needed to determine the number of units that had already been converted to market-rate rents, and those that were expected to be converted to market-rate rents as contracts expired. We noted this information would be useful to determine the impact on the supply of affordable units because of expiring contracts.

After our 2017 audit, the Ministry created a record of social housing projects with agreements set to expire. The Ministry also analyzed the potential impacts of expiring operating agreements and expiring mortgages.

For federally funded projects (approximately 16% of the social housing portfolio), providers are not required to continue their social housing obligations when the agreement expires. The Ministry determined there was a high risk of these units no longer operating as subsidized social housing. For projects originally receiving provincial funding (approximately 32% of the social housing portfolio), providers have a legislated obligation to continue to provide social housing after a mortgage expires. However, these providers might still pursue plans to reduce their legislated obligations and transition out of the system. The risk of losing this social housing stock could be addressed by provincial incentives to encourage providers to stay in the system.

The Ministry advised us that, through dialogue with representatives of housing providers and municipal service managers, they learned about factors that would affect a provider's decision about whether to continue with social housing following mortgage or contract expiry. These factors, such as financial viability, or discontent with obligations such as waitlist rules, are specific to each project. The Ministry also advised us that housing providers' decisions would depend on these factors at the time of their contract expiry, and could not be predicted in advance. Due to this uncertainty, instead of focusing on what the impact of contract expirations would be, the Ministry decided to develop incentives for

housing providers to stay in the social housing system when their contracts or mortgages expire.

- *put in place options considered necessary to address the financial impact on low-income tenants of contracts expiring.*

Status: Little or no progress.

Details

In our 2017 audit, we found that the Ministry had done little to assess the potential long-term effects of losing up to 83,000 affordable rental units, and that the Ministry had employed an uncoordinated, patchwork approach to addressing this potential loss.

In our follow-up, we found that significant work was still required to implement this recommendation. In April 2019, the Ministry released its new Community Housing Renewal Strategy, which sets out the government's intent to stabilize and grow the community housing sector. The strategy includes a focus on mitigating the risks associated with expiring operating agreements and mortgages for legacy social housing providers. The Ministry advised us that it planned to create incentives for housing providers to stay in the system once their original obligations ended to protect the supply of social housing and to minimize the impacts of contract expirations for low-income tenants.

The Ministry signed an agreement with the Canada Mortgage and Housing Corporation (CMHC) under the National Housing Strategy in April 2018 that includes annual funding for the Canada-Ontario Community Housing Initiative. This funding is exclusively available to existing providers who continue to provide social housing. The Ministry submitted its action plan for the first three years of the nine-year agreement to CMHC for review in July 2019, and expects to receive approval and begin providing funds to municipal service managers under this initiative by the end of 2019. The Ministry had also planned to make regulatory changes and legislative proposals that would provide more financial flexibility for housing providers to encourage them to continue to make housing available to low-income tenants.

Recommendation 5

To provide clarity to municipal service managers and current recipients of the Strong Communities Rent Supplement Program, we recommend that the Ministry of Housing clearly communicate to municipal service managers its intentions about the future funding responsibilities of this program, and work with the municipal service managers to address the potential future needs of households currently funded.

Status: Little or no progress.

Details

In our 2017 audit, we noted that rent supplements that the Ministry had been providing since 2003 to about 6,500 households under the Strong Communities Rent Supplement Program were set to expire by 2023. However, the Ministry had not informed municipal service managers whether it would renew this funding. During our 2017 audit, we contacted three large municipal service managers that accounted for about 2,650 of the 6,500 subsidies, and noted that about half of the subsidy recipients were either individuals with disabilities or seniors. We noted that for these households, a move could cause undue hardship.

In our follow-up, we found that the Ministry had not made progress implementing this recommendation. However, the Ministry indicated that it intended to provide options to the government to consider as part of its 2020 multi-year planning and budgeting cycle.

Few Affordable Rental Units Built Since 1996

Recommendation 6

To encourage the not-for-profit sector to contribute toward increasing the supply of affordable housing, we recommend that the Ministry of Housing:

- *co-ordinate with municipal service managers the sharing of best practices in encouraging and supporting the not-for-profit development of affordable rental units;*

Status: Little or no progress.

Details

In our 2017 audit, we noted that not-for-profit organizations generally have more difficulty than private developers qualifying for construction grants. Not-for-profits do not have the required technical and financial resources to submit construction-ready projects without receiving additional supports. We noted that the Ministry had acknowledged that not-for-profits needed more support in applying for construction funding. However, the Ministry had not taken steps to provide not-for-profits with the required supports.

In our 2017 audit, we also noted that based on our review of files at nine municipal service managers, only one municipal service manager we visited had a large proportion of not-for-profit development. The municipal service manager had provided support throughout the process, not-for-profits in that area shared resources, and the area was known for successfully raising funds through large donations and fundraising events.

In our follow-up, we found that the Ministry had taken limited action toward implementing this recommendation. The Ministry advised us that it convened a meeting in March 2019 with non-profit housing developers to discuss the various barriers and impediments they experienced in building new affordable housing. The Ministry noted that it planned to consult with municipal service managers and housing providers by the end of 2019 to identify capacity gaps, and areas for improvement to promote efficiency and sustainability. This would include identification of best practices in encouraging and supporting the development of affordable not-for-profit housing units.

- *work together with the federal government to implement rule changes to allow the construction of affordable home-ownership units through grants, similar to the ones provided for the construction of affordable rentals, where funding is provided when construction milestones are met.*

Status: Fully implemented.

Details

In our 2017 audit, we found that rule changes were needed to promote not-for-profit partnerships to build new houses. We noted that the province and federal government provide down-payment assistance to help existing low-income renters purchase homes. But in areas where home prices have risen and are expensive, low-income families cannot afford mortgage payments for homes. Therefore, municipal service managers try to collaborate with not-for-profits, such as Habitat for Humanity, to construct new homes at a reduced cost to the buyer. However, three out of the four municipal service managers we visited that could benefit from these not-for-profit partnerships were no longer providing this program or had started to phase it out due to program restrictions. For example, the program provides funding only after a buyer has signed a purchase agreement—an event which does not correlate to when construction costs are incurred.

In our follow-up, we noted that the Ministry had fully implemented this recommendation. The Ministry signed an agreement with Canada Mortgage and Housing Corporation (CMHC) under the National Housing Strategy in April 2018 that includes providing annual funding for the Ontario Priorities Housing Initiative. In April 2019, the Ministry released guidelines for this initiative to municipal service managers. Under these guidelines, municipal service managers will be able to provide funding to non-profit affordable home ownership providers during the construction phase of affordable ownership units to help these providers secure the cost of construction financing. The Ministry expects to begin providing funding to municipal service managers under this initiative by the end of 2019.

Recommendation 7

To better ensure that municipal service managers that receive small amounts of annual funding due to their size, are able to invest in projects that exceed their annual allocations, we recommend that the Ministry of Housing gather information on planned projects

from these municipal service managers, prior to allocating funds, and work with them to allocate funding in a way that will better meet their needs.

Status: Will not be implemented. The Office of the Auditor General continues to support the implementation of this recommendation.

Details

In our 2017 audit, we found that it is difficult for smaller communities, which receive much smaller allocations from the Ministry, to build new affordable multi-unit developments. The Ministry informed us that to address this issue, it co-ordinates the “swapping” of annual allocations between service managers. A service manager with a smaller annual allocation can trade, or give up its yearly allocation, and take back the same amount during another year for a planned construction project. However, this process is dependent on finding a service manager who is willing to participate in a swap. We found that nine of the 14 municipal service managers that did not provide grants for new rental construction cited this reason for not doing so.

In our follow-up, we were advised that after further consideration, the Ministry decided it would not take direct steps to address the recommendation. The Ministry concluded that it would not gather information on intended projects from municipal service managers before making allocation decisions.

Instead, to assist municipal service managers construct affordable rental units, the Ministry noted that it released guidelines in April 2019 that give municipal service managers the flexibility to use funding under its new Canada-Ontario Community Housing Initiative in addition to its new Ontario Priorities Housing Initiative.

The Ministry expected to begin funding municipal service managers under these two initiatives by the end of 2019. However, the guidelines for these initiatives note that the three-year objective of the Canada-Ontario Community Housing Initiative is to protect tenants in housing projects with expiring

agreements, and to begin stabilizing the supply of community housing through repairs, renovations and other operating support. Constructing new affordable rental units is not the primary objective. Therefore, whether the Canada-Ontario Community Housing Initiative funding will help to address this recommendation is unclear.

Recommendation 8

To enable construction grants to be used to address unmet housing needs, we recommend that the Ministry of Housing work together with the federal government to gather and evaluate information on actual construction costs for larger units across the province, and for all units in northern communities, and consider revising maximum grant amounts.

Status: Fully implemented.

Details

In our 2017 audit, we found that construction grants of up to \$150,000 per unit were generally not sufficient to attract developers to construct units in northern Ontario, or to construct three- or four-bedroom units anywhere in the province. If the construction grant is not large enough to cover a significant portion of the developers' expenses, the developer will incur a loss. When we contacted municipal service managers in northern Ontario, four out of five explained that this was why they had not provided grants for building affordable rentals. Further, 13 out of 18 service managers in need of more three- and four-bedroom rental units explained that the \$150,000 grant was insufficient to attract developers to construct these larger units.

In our follow-up, we found that the Ministry had fully implemented our recommendation to consider revising maximum construction grant amounts. To encourage the development of family-sized units, and in recognition of the cost differences across the province, the Ministry eliminated per-unit funding caps under the new Ontario Priorities Housing Initiative. This initiative replaced the jointly funded federal and provincial construction

grant program in place at the time of our last audit. The Ontario Priorities Housing Initiative will fund up to 75% of the capital costs for the construction of affordable units.

Municipal Service Managers Not Providing the Minimum Number of Social Housing Units Required by Law—and Ministry Takes No Enforcement Action

Recommendation 9

To help municipal service managers meet the legislated standard set out in the Housing Services Act, 2011 of providing social housing to a minimum of 186,717 households, we recommend that the Ministry of Housing:

- *track and report on the number of subsidies each municipal service manager provides compared to the legislated standard;*

Status: Fully implemented.

Details

Our 2017 audit found that municipal service managers were not providing the minimum number of social housing units required by the *Housing Services Act*. Municipal service managers provided social housing to 168,600 households per year, on average, from 2004 to 2016. This was, on average, 18,117 below the 186,717 households required annually by law. We found that the Ministry had taken limited action to understand the cause or to enforce compliance with the legislated standard.

In our follow-up, we found that the Ministry had fully implemented our recommendation to track and report on the number of subsidies each municipal service manager provides compared to the legislated standard. The Ministry implemented a requirement in 2018 for municipal service managers to submit data related to their regional service level standards, which includes the number of households provided with social housing. The Ministry compares municipal service managers' results to the legislated standards and reports the results to senior management.

- *follow up with municipal service managers when the standard is not met to develop an action plan and remedial steps to attain the standard*

Status: In the process of being implemented by February 2020.

Details

At the time of our follow-up, the Ministry expected to implement this recommendation by February 2020. To address our recommendation, the Ministry would follow up with municipal service managers when the legislated standards for the number of subsidies provided is not met. Where the standard is not met, municipal service managers will be required to submit an action plan outlining the strategies they plan to employ to meet their service level standards.

Recommendation 10

To allow social housing vacancies to be created when existing tenants become ineligible, and do not vacate, we recommend that the Ministry of Housing perform a jurisdictional analysis to assess and determine how best to increase vacancies in such instances, and consider implementing those best practices in Ontario.

Status: Little or no progress.

Details

In our 2017 audit, we found that tenants who become ineligible for social housing often continue to live in their units because the *Residential Tenancies Act* prevents municipal service managers from requesting these tenants to vacate. When a tenant's income is higher than the maximum income allowed, the tenant must pay normal rents, but is not required to vacate. We found that legislation in four Canadian provinces, British Columbia, Alberta, Saskatchewan and Manitoba, all allow their housing departments to request ineligible tenants to vacate so eligible applicants who are waiting for social housing units can be housed.

At the time of our follow-up, the Ministry advised us that research in this area had been

delayed due to priority work on the development of the Community Housing Renewal Strategy. However, the Ministry informed us that it intended to complete the research and analysis of best practices to pursue by the end of 2019.

Recommendation 11

To better ensure that social housing subsidies are provided only to eligible tenants, we recommend that the Ministry of Housing:

- *require all municipal service managers to conduct eligibility review investigations;*

Status: Little or no progress.

Details

In our 2017 audit, we found that the *Housing Services Act* allows municipal service managers to have eligibility review officers who investigate allegations of tenants withholding or misrepresenting information. Municipal service managers do not always opt to have them, however.

In our follow-up, we found that the Ministry had taken limited action toward implementing this recommendation. The Ministry informed us that the proposed changes to the rent-geared-to-income calculation under the *Housing Services Act* will affect the processes municipal service managers use to determine eligibility for tenants. Therefore, work towards implementing this recommendation was on hold. Following approval in September 2019, to begin the new rent-geared-to-income calculation as early as July 2020, the Ministry expected to accelerate its work on eligibility reviews and address our recommendation in advance of the changes coming into effect.

- *require that municipal service managers develop and implement policies and procedures that are consistent across the province for requesting ineligible tenants who misrepresent eligibility information to vacate.*

Status: Little or no progress.

Details

The Ministry's progress toward implementing this recommendation had been limited. At the time of our follow-up, the Ministry was reviewing a sample of municipal service managers' policies and procedures, including policies from other jurisdictions, to determine how they establish when a tenant ceases to be eligible for housing. This review would also include a comparison of standards, guidance and practices that support decisions to request tenants vacate their units. After completing its review, the Ministry planned to develop options for new policies aligned with the rent-geared-to-income calculation changes that would come into effect in July 2021. The Ministry planned to seek the necessary legislative or regulatory approvals to implement these with a view to having them in place concurrent with the new rent-geared-to-income rules.

Recommendation 12

To help ensure that vacant units are in adequate condition to be occupied, and to ensure the long-term sustainability of buildings, we recommend that the Ministry of Housing work with municipal service managers and the federal government to develop a strategy to address outstanding repairs and maintenance on social housing stock.

Status: Will not be implemented. The Office of the Auditor General continues to support the implementation of this recommendation.

Details

Our 2017 audit reported that there were about 6,300 vacant social housing units in 2016 that were not available for tenants due to poor condition. Vacant units can be offered to prospective tenants only if the units meet minimum health and safety standards. Buildings are also required to meet other standards such as hot water and heat, and having a roof that does not leak. We found that the Ministry did not collect information on the reasons for the vacancies, but acknowledged that a key reason was that units were in poor condition. We also reported that one of Toronto's biggest housing providers,

Toronto Community Housing Corporation, had publicly identified that it had over \$2.6 billion in backlogged repairs.

At the time of our follow-up, the Ministry advised us that it had worked with the federal government to secure new federal investments through the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative to provide municipal service managers with access to funding for outstanding repairs and maintenance. The Ministry told us that the new federal investments should assist municipal service managers to make some progress to reduce their backlogs, and these investments would supplement other funding sources for repairs such as municipal contributions, the federal National Housing Co-Investment Fund and funding from project refinancing. However, the Ministry advised us that it is not responsible for ensuring that there is a strategy in place for addressing all outstanding repairs and maintenance. Municipal service managers are responsible for repairs and maintenance on their social housing stock and consequently, are responsible for developing their own strategies to address repair backlogs. Therefore, the Ministry would not be implementing this recommendation as described in our 2017 Annual Report.

Recommendation 13

To encourage housing providers to make sound property-management and social housing administration decisions, we recommend that the Ministry of Housing:

- *develop standards and accreditation ratings for housing providers for public reporting;*
- *require municipal service managers to evaluate providers' operations to determine an appropriate rating for each provider;*
- *gather and report on the results periodically;*

Status: Little or no progress.

Details

Our 2017 audit reported that housing providers often did not maintain, update or implement asset

management plans to ensure that their buildings and units are kept in good condition. For example, the exterior of a building may require seasonal maintenance and repair, while the windows may need replacing every eight to 20 years. Municipal service managers are required to perform periodic operational reviews of housing providers to ensure that providers implement asset management plans and have sufficient capital reserves for future repairs. As a result, we recommended that the Ministry develop standards and accreditation ratings for housing providers. We also recommended that municipal service managers evaluate providers' operations to determine appropriate ratings for each provider, and gather and report on the results publicly.

At the time of our follow-up, the Ministry advised us that it had not taken action on developing housing provider standards and accreditation ratings. The Ministry advised that priority had been assigned to addressing other recommendations from our *2017 Annual Report*, and to securing the stability of the community housing sector through the Canada-Ontario Community Housing Initiative and the Ontario Priorities Housing Initiative funding programs, for example. In the future, the Ministry would consider whether to proceed with this recommendation.

- *provide training, resources and supports to housing providers to address the challenges they currently face.*

Status: Little or no progress.

Details

At the time of our follow-up, the Ministry had made limited progress toward implementing this recommendation. The Ministry had developed draft best practices for managing social housing projects that it shared with municipal service managers in 2018. However, at the time of our follow-up, the Ministry was still in the process of assessing gaps in support and training for providers and how the Ministry might best collaborate with other sector leaders to support these providers. The Ministry advised us

that this assessment would consider the creation of a national Community Housing Transformation Centre, announced by the federal government in April 2019. The Centre would provide technical assistance, tools and resources to increase the capacity of housing providers.

Recommendation 14

To better ensure that tenants' rents are calculated correctly and to reduce the administrative burden of calculating tenant rents, we recommend that the Ministry of Housing work with municipal service managers to simplify the rent-geared-to-income calculation in the Housing Services Act.

Status: In the process of being implemented by July 2021.

Details

Our 2017 audit found that of the 38 municipal service managers that responded to our survey, 11 indicated that they could not provide social housing to the required number of households because providers were filling vacancies with non-social-housing tenants. Our survey also found that one of the reasons why housing providers do not take applicants from social housing wait lists is that calculating tenants' incomes was overly complicated.

The Ministry also acknowledged that income calculation rules were confusing and difficult for providers to administer. Furthermore, in municipal service managers' reviews of housing providers, where they ensure providers are correctly calculating tenants' income and charging the correct rent payable, we found that providers made frequent errors in calculating tenant incomes and had charged incorrect rents.

Following our audit, the Ministry consulted with municipal service managers, housing providers and representatives from partner ministries to develop proposals to simplify the rent-geared-to-income calculation. In March 2019, Cabinet approved a simplified rent-geared-to-income proposal. The Ministry filed new regulations in September 2019 that include changes relating to

the rent-geared-to-income calculations that come into force on July 1, 2020. Each municipal service manager will be required to implement the rent-geared-to-income rules beginning July 1, 2020 or July 1, 2021.

Ministry Implements New Portable Subsidy in Attempt to Address Issue of Municipal Service Managers Not Meeting the Legislated Standard for Social Housing Subsidies

Recommendation 15

To help ensure that municipal service managers meet the legislative standard of providing social housing to a minimum number of 186,717 households, as set out in the Housing Services Act, we recommend that the Ministry of Housing encourage the use of the new portable subsidies in service areas where the standard is not being met.

Status: Fully implemented.

Details

Our 2017 audit reported that the new portable housing subsidy, a subsidy that can be applied toward market-rate rents in non-social-housing units and was implemented in September 2017, could assist municipal service managers in meeting the legislated standard of providing social housing

to 186,717 households. However, we noted that the availability of this tool did not ensure that municipal service managers would use it. We therefore recommended that the Ministry encourage the use of the new portable housing subsidy by municipal service managers who were not meeting the legislated standard.

At the time of our follow-up, the Ministry advised us that work to implement this recommendation was initially on hold as the Ministry worked with the new government to assist them in setting their direction for the sector. The Ministry's Community Housing Renewal Strategy, released in April 2019, does not propose changes to the Portable Housing Benefit Framework, but would build on this policy. In June 2019, the Ministry completed an analysis of municipal service managers' use of the portable housing subsidy in 2018. The Ministry sent letters to municipal service managers who had not met their legislated standards for social housing subsidies asking them to consider the use of portable housing subsidies as a tool to meet their legislated standards in the future.

At the time of our follow-up, the Ministry committed to repeat this process and to continue to monitor the use of the portable housing subsidy each year.

Chapter 1

Section 1.15

Toward Better Accountability—Quality of Annual Reporting

Follow-Up on VFM Chapter 4, *2017 Annual Report*

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	3	3				
Recommendation 2	2	2				
Recommendation 3	1	1				
Recommendation 4	2	2				
Recommendation 5	2	2				
Total	10	10	0	0	0	0
%	100	100	0	0	0	0

Overall Conclusion

As of March 29, 2019, the Treasury Board Secretariat had fully implemented 100% of actions we recommended in our *2017 Annual Report*. For example, the Agencies and Appointments Directive was amended, effective January 1, 2019, to require that board-governed provincial agencies include outcome-based reporting in their annual reports.

Although the Secretariat did not implement some of the actions in the manner we recommended, appropriate alternative actions taken

have addressed the issue. These recommendations primarily refer to amending the Broader Public Sector Business Documents Directive to ensure that it requires organizations to improve their annual reporting. The Secretariat has amended guidance material and communicated our recommendations to organizations. Best practices include information on costs of results achieved and, for broader-public-sector organizations, to base performance measures and targets on outcomes to be achieved. These actions inform the organizations of best practices and are a positive step toward better accountability.

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

Background

A public-sector organization’s annual report, including its audited financial statements, provides details about the organization’s activities, and is meant to give the responsible minister, all members of the Legislature and the public a comprehensive view of the organization’s operational and financial performance. The annual reporting requirements of provincial agencies and broader-public-sector (BPS) organizations are typically governed by the statute that created the agency, a Memorandum of Understanding (MOU) between the agency and its responsible minister, and/or a directive of Management Board of Cabinet.

Government directives stipulate the mandatory content of most agencies’ annual reports. In addition, the Public Sector Accounting Board (PSAB) has issued a Statement of Recommended Practice (SORP) with respect to the reporting of supplementary information beyond that presented in the financial statements. SORP provides general guidance to organizations, including those that prepare an annual report. These reporting practices are encouraged but not mandatory.

In 2017, we reviewed how agencies’ annual reports adhere to government directives and to SORP’s guidelines regarding annual reports. Specifically, we examined one directive that applied to provincial agencies and another that applied to broader-public-sector organizations, and compared their mandatory requirements to the information encouraged by SORP.

These are the main observations and findings in our *2017 Annual Report*:

- Provincial agencies and broader-public-sector organizations are required by directive to include performance targets in their annual reports. SORP encourages performance measures and their related targets to be “outcome”-based rather than just “output”-based.

- Provincial agencies and broader-public-sector organizations are required by directive to include an analysis of their performance in their annual reports or other information they make available to the public (provincial agencies must analyze both their financial and operational performance; broader-public-sector organizations are required to analyze just their operational performance). SORP encourages that analysis to include the significant risks and other factors that affected performance, and explain what that effect was.
- SORP encourages annual reports to inform readers of the costs of the performance results achieved, thus linking financial and non-financial performance information.
- Based on our review of the annual reports of 27 provincial agencies and broader-public-sector organizations, we noted that two 2015/2016 annual reports met all the selected SORP criteria (AgriCorp and Algonquin Forestry Authority). Four other annual reports in our sample met all but one criterion: the Liquor Control Board of Ontario (LCBO), the Ontario Energy Board, Ontario Power Generation and the Ontario Lottery and Gaming Corporation. These six entities included in their annual reports performance measures that were clear and included performance targets. Their annual reports also included thorough financial and variance analysis (except AgriCorp, as no significant variances were identified).
- With respect to compliance with the Agencies and Accountability Directive, we noted that nine (60%) of the 15 provincial agencies’ 2015/16 annual reports we reviewed met all the selected Directive criteria, with an additional two (13%) annual reports meeting all but one criterion. All annual reports included audited financial statements as required by the Directive. Seven (50%) of the 14 broader-public-sector organizations’ websites

we reviewed met the Broader Public Sector Business Documents Directive's requirement to include certain key information all on one web page. Another two broader-public-sector organizations had all the information required by the selected Directive criteria on their websites, although not always on one web page, for a total of nine organizations (64%) having all the required information on their websites.

We made five recommendations, consisting of 10 action items, to address our findings and received commitment from the Treasury Board Secretariat that it would take action to address our recommendations.

Status of Actions Taken on Recommendations

We conducted assurance follow-up work between May 2019 and July 2019. We obtained written representation from the Treasury Board Secretariat that effective November 1, 2019, it had provided us with a complete update of the status of the recommendations we made in the original review two years ago.

Statement of Recommended Practice (SORP) Encourages Annual Reports to Include Information beyond Directive Requirements

Recommendation 1

To improve the quality of the annual reports of provincial agencies and broader-public-sector organizations, we recommend that Treasury Board Secretariat propose to Treasury Board/Management Board of Cabinet that the Agencies and Appointments Directive and the Broader Public Sector Business Documents Directive be amended to include the following requirements for annual reports:

- *base performance measures and targets on outcomes to be achieved (that is, in terms of improved consequences) rather than solely on outputs;*

Status: Fully implemented.

Details

The Public Sector Accounting Board's (PSAB's) Statement of Recommended Practice (SORP) encourages public-sector entities to provide useful information that goes beyond the information their directives require them to include in their annual reports. For example, the Agencies and Appointments Directive required that an annual report include a discussion of performance targets achieved and analysis of operational performance. However, the SORP specifically suggests that performance measures should be stated in terms of outputs and also outcomes. Of the 11 of 15 provincial agency annual reports that contained clear performance measures, six (55%) contained strictly output-based measures, while five (45%) included outcome-based measures. Of the seven of 12 broader-public-sector (BPS) organization annual reports that contained clear performance measures, one (14%) contained strictly output-based measures, while six (86%) included outcome-based measures.

Since then, Treasury Board Secretariat has amended the Agencies and Appointments Directive, effective January 1, 2019, to require that board-governed provincial agencies include outcome-based reporting in their annual reports. As well, it has provided additional guidance on developing outcome-based measures to provincial agencies.

The requirement to include outcome-based reporting in a provincial agency's annual report is being implemented as a phased approach over three years to allow board-governed agencies to increase the capacity and quality of their reporting over time.

For BPS organizations, Treasury Board Secretariat has addressed this recommendation sufficiently by updating online supporting

guidance identifying best practices, including basing performance measures and targets on outcomes to be achieved.

- *identify significant risks and other factors that have impacted performance and results, explain the impacts, and report on plans to mitigate the risks;*

Status: Fully implemented.

Details

Without a thorough discussion of risks in an agency's annual report, the Legislature and the public cannot assess what challenges the entity is facing, the impact of those risks on performance and possible mitigating strategies.

In 2017, we found that the Agencies and Appointments Directive required that risks and related risk-management plans be included in business plans for provincial agencies. However, it did not require any risk information for annual reports. It also did not require that the business plans discuss how those risks affect performance. For the five of the 15 provincial agencies (33%) that included information in their annual reports on the risks the agency was facing, we noted that the risks were clearly identified and there were explanations of how these risks were managed.

The BPS Business Documents Directive did not require that the annual report disclose risks affecting the organization, the impact on performance (if any) and related mitigating strategies. As a result, only one of the 12 (8%) BPS organizations' annual reports in our sample contained a risk analysis.

Since then, Treasury Board Secretariat has amended the Agencies and Appointments Directive, effective January 1, 2019, to require that board-governed provincial agencies include in their annual reports a description of how risk events and other significant factors impact the results achieved. Updated guidance material also states an expectation that the annual report should include an analysis of risk events and, to provide a complete picture of the risk, a discussion of the mitigation strategy.

Treasury Board Secretariat has addressed this recommendation sufficiently by updating online supporting guidance identifying best practices, which include identifying significant risks and other factors that have impacted performance and results, explaining the impacts, and reporting on plans to mitigate the risks.

- *report on the costs of results achieved.*

Status: Fully implemented.

Details

SORP encourages annual reports to contain information to inform readers of the costs of the performance results achieved, thus linking financial and non-financial performance information. Four of the 15 provincial agency annual reports and none of the 12 BPS organization annual reports contained this information linking costs to results. Ontario Power Generation's annual report contains this type of information. The linking of financial and non-financial performance information helps the reader assess how the entity used its resources during the reporting period and what was achieved as a result of the resources expended.

Treasury Board Secretariat has addressed this recommendation sufficiently by updating its guidance material to both provincial agencies and BPS organizations to encourage reporting on the costs of results achieved. This has not been included in the applicable Directive as a requirement because Treasury Board Secretariat is of the view that agencies will not be required to report information that provincial ministries are not required to report. Ministries do not currently report on costs of results achieved.

Recommendation 2

To improve the quality of the annual reports of broader-public-sector organizations, we recommend that Treasury Board Secretariat propose to Treasury Board/Management Board of Cabinet that the Broader Public Sector Business Documents Directive be amended to require that these organizations:

- *analyze their financial performance in their annual reports, including discussing variances between their actual financial results against estimates;*

Status: Fully implemented.

Details

We noted in 2017 that the BPS Business Documents Directive does not require BPS organizations to analyze the organizations' financial performance in the information available to the public (including discussing variances in their actual financial results against estimates). Even though not required by the directive, five of the 13 BPS and other organizations' annual reports we reviewed (38%) did nevertheless contain a financial analysis. This includes Ontario Power Generation, which is not bound by any directive requirements for its annual report. As would be expected when organizations are not required to do so, significant variances were not explained in six (60%) of the 10 annual reports we reviewed that had significant variances.

Treasury Board Secretariat has addressed our recommendation sufficiently by incorporating best practices, including discussing variances in their actual financial results against estimates, in a guideline. Incorporating the recommendations into guidance available publicly online is an alternative approach to strengthen guidance for BPS organizations on annual reporting.

- *include all other performance information in the annual report rather than allowing the information to be either in an annual report or on a webpage showing the organization's business plan.*

Status: Fully implemented.

Details

Information required by the BPS Business Documents Directive does not have to be in an organization's annual report—it just has to be publicly available and on the same web page on the organization's website. That means the information could be divided up in more than one place—some

of it might be on a web page showing the organization's business plan and some might be in an annual report. SORP specifies that the full range of information it encourages to be reported should be contained in an annual report (which it calls a "public performance report"). Having a "one-stop shop" in the form of an annual report with all of an organization's financial and operational performance information would be more helpful and useful for stakeholders.

Treasury Board Secretariat has addressed our recommendation sufficiently by amending its guidance to BPS organizations to state that including performance information in the annual report rather than in separate business documents is a best practice. This guidance also includes a link to our 2017 report to encourage organizations to review our recommendations in order to be aware of best practices.

Recommendation 3

To ensure that the annual reports of public-sector entities that fall outside the scope of existing directives contain useful and thorough information, we recommend that Treasury Board Secretariat propose to Treasury Board/Management Board of Cabinet that authoritative direction be provided regarding the information they must contain.

Status: Fully implemented.

Details

In 2017, we noted that some public-sector entities fall outside the scope of both the Agencies and Appointments Directive and the BPS Business Documents Directive. In the absence of a directive mandating what their annual reports must contain, these entities have the option of following the guidance available for public-sector organizations, but they are not required to do so.

Since then, Treasury Board Secretariat requested the Ministry of Energy, Northern Development and Mines to ensure that Ontario Power Generation (OPG) and the Independent Electricity System Operator (IESO)—the two

entities outside the scope of the directives, which report to the ministry—are aware of the Auditor General’s recommendations regarding the content of annual reports. In connection with this, Treasury Board Secretariat has requested the ministry to share with OPG and IESO information such as updated supporting material relating to the BPS Business Documents Directives and SORP guidelines.

Annual Reports Do Not Always Identify How the Entity’s Performance Was Measured and the Performance Targets to Be Achieved

Recommendation 4

To enable Members of Provincial Parliament and the public to easily assess whether the entity met, exceeded or fell short of its stated targets, we recommend that the Treasury Board Secretariat, in conjunction with ministries, take action to help ensure that:

- *entities clearly identify and disclose performance measures, and, as required by the directive, applicable performance targets and results in their annual reports;*

Status: Fully implemented.

Details

Performance measurement is the process of collecting and analyzing information that indicates how well an entity is performing. Performance should be measured against pre-established goals, or targets. In 2017, we noted that four of the 15 provincial agency annual reports we reviewed (27%) did not clearly identify the performance measures of the agency, and four did not disclose or identify the performance target. For broader-public-sector (BPS) organizations we noted that five of the 12 BPS organization annual reports we reviewed (43%) did not clearly identify the performance measures of the organization, and seven did not disclose or identify the performance target.

Treasury Board Secretariat amended the Agencies and Appointments Directive, effective January 1, 2019, to require that board-governed provincial agencies explicitly add performance measures to existing requirements for targets, and has updated the guidance for this requirement. As well, Treasury Board Secretariat has updated guidance to the BPS Business Documents Directive to reflect this best practice.

Treasury Board Secretariat also provided ministries with a template letter to communicate with provincial agencies the changes in expectations for annual reports. In March 2019, Treasury Board Secretariat informed all ministries that the supporting material for the BPS Business Documents Directive had been updated and asked ministries to encourage organizations to review the Auditor General’s recommendations on annual reporting. It also reminded ministries to consult this supporting documentation when reviewing the annual reports of designated BPS organizations, and that ministerial approval of the provincial agencies’ annual reports “indicates agreement that the report meets the form and content requirements set out in the directive and/or other relevant direction.”

- *when targets are not met, as required by the directive, the annual report include planned actions to achieve these targets in the future.*

Status: Fully implemented.

Details

Of the 15 annual reports we sampled that reported performance targets (54% of the 28 reviewed), three (20%) did not include a discussion of the reported result or outcomes. This discussion is crucial for the entity to identify where it did not meet the target and the reasons why. It is also an opportunity for the entity to discuss possible strategies to address the shortfall.

As noted above, Treasury Board Secretariat has taken action, in conjunction with the ministries, to notify provincial agencies and designated BPS organizations of the 2017 recommendations, including the requirement for the annual report to

include planned future actions to address achieving targets that were not met.

Financial and Variance Analysis Could Be Improved

Recommendation 5

To provide readers of provincial agency annual reports with a thorough understanding of agencies' financial performance, we recommend that Treasury Board Secretariat propose to Treasury Board/ Management Board of Cabinet that:

- *the Agencies and Appointments Directive be amended to include a definition of what a significant variance is;*

Status: Fully implemented.

Details

Although reasons for variances in financial performance are to be included in provincial agencies' annual reports, the Agencies and Appointments Directive does not define a variance that is significant enough for inclusion. As a result, agencies must determine what they believe is reasonable to include as significant variances. Of the 15 provincial agency annual reports we sampled, four (31%) did not have any discussion of significant variances.

Since then, Treasury Board Secretariat has amended the Guide to Developing Annual Reports to include criteria for determining when a variance is significant. The criteria incorporates the SORP factors for determining what is crucial to an organization, including criteria such as financial magnitude and importance to the overall success of the entity.

While the Agencies and Appointments Directive was not updated to include a definition of what a significant variance is, updating the Guide addresses our recommendation sufficiently by providing guidance as to what constitutes a significant variance.

- *in conjunction with ministries, it take action to help ensure that financial performance analysis, including explanations for significant variances, be included in all provincial agency annual reports.*

Status: Fully implemented.

Details

In 2017, we noted that five (33%) of the 15 provincial agency annual reports we examined did not contain an analysis of financial performance. As noted above, four (31%) of the 15 provincial agency annual reports we sampled did not have any discussion of significant variances.

The Agencies and Appointments Directive was updated in January 2019 to clarify the ministry's role in the approval of the annual report of an agency that reports to it. The Directive now states that "ministerial approval indicates agreement that the annual report meets the form and content requirements as specified in the directive and any agency-specific content as required by the relevant minister or applicable legislation."

As mentioned, Treasury Board Secretariat has also updated guidance for agencies to incorporate suggested information into their annual reports. The Secretariat has also communicated with ministries, and provided a template letter for them to use to communicate with provincial agencies, the changes in expectations for annual reports. This template letter also refers to the clarification in the directive that "ministerial approval of annual reports indicates agreement that the report meets the form and content requirements set out in the directive and/or other relevant direction."

Overall Comment

Treasury Board Secretariat has taken a number of positive steps forward in addressing our recommendations, including amending the Agencies and Appointments Directive and applicable guidance for BPS organizations. These steps will help to promote compliance with best practices in annual reporting.

We continue to encourage the Secretariat to pursue applicable changes to the BPS Business Documents Directive to ensure that best practices are a requirement, rather than being referred to only in guidance material.

Recommendation

To improve the quality of the annual reports of broader-public-sector organizations, we recommend that Treasury Board Secretariat propose to Treasury Board/Management Board of Cabinet that the Broader Public Sector Business Documents Directive be amended to include requirements that the best practices that are currently included in guidance material be followed, including:

- *requiring that base performance measures and targets be aimed at outcomes to be achieved (which specify improved consequences) rather than only at outputs to be reached;*
- *requiring that organizations identify significant risks and other factors that have impacted their performance and results, explain the impacts and report on plans to mitigate the risks; and*
- *requiring that organizations analyze their financial performance in their annual reports, including discussing variances between their actual financial results and their estimates.*

Treasury Board Secretariat Response

The Treasury Board Secretariat (Secretariat) is committed to enhancing transparency and accountability with respect to the content of annual reports. The Secretariat is also committed to providing information to members of the public, supporting ease of access to information about how public money is managed.

The Secretariat will build on the progress made in enhancing supporting material for the broader public sector by reviewing and updating the Broader Public Sector Business Documents Directive to further strengthen direction on the content of performance reports. Consideration will be given to incorporating content identified in supporting material as best practices. The Secretariat will continue to engage partners and stakeholders to ensure that we employ an evidence-based approach to achieving change.

Chapter 1

Section 1.16

Public Accounts of the Province

Follow-Up on Chapter 2, *2017 Annual Report*

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the 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	2				
Recommendation 4	2	1	1			
Recommendation 5	3	3				
Recommendation 6	1			1		
Recommendation 7	1					1
Recommendation 8	1		1			
Recommendation 9	1	1				
Recommendation 10	1	1				
Total	14	10	2	1	0	1
%	100	72	14	7	0	7

Overall Conclusion

As of October 31, 2019, 72% of the actions we recommended in our *2017 Annual Report* have been fully implemented. For example, since our 2017 audit, the province corrected the accounting in the province's consolidated financial statements to follow Canadian Public Sector Accounting Standards (PSAS). This included recording a valuation allowance for net pension assets, appropriately

recording the impact of the electricity rate reduction and appropriately removing the IESO market accounts from the province's consolidated financial statements.

The province has made progress in implementing a further 14% of the recommended actions. For example, the province is in the process of having the ministries and agencies that consolidate into the province's financial statements request their external advisors to notify our Office of their engagement as required under the Code of Professional Conduct of the Chartered Professional Accountants

of Ontario. The Office of the Provincial Controller Division has been working with stakeholders to identify key areas that impact an earlier delivery of the province's consolidated financial statements.

The province has made little to no progress on one recommendation (7% of the recommended actions) as it has not yet put into legislation any requirements to follow Canadian PSAS.

Additionally, one recommendation (7% of the recommended actions) is no longer applicable due to a change in reporting of government debt.

The status of actions taken on each of our recommendations is described in the following sections.

Background

For the year ended March 31, 2017, we issued a qualified audit opinion on the consolidated financial statements for the province of Ontario for the following reasons:

- The province did not record a valuation allowance against the net pension asset relating to the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan in its consolidated statement of financial position.
- The province inappropriately recorded the market account assets and liabilities of the Independent Electricity System Operator in its consolidated financial statements.

We also included an Other Matter paragraph in the auditor's report because the province inappropriately recognized rate-regulated assets, which is not permitted when applying Canadian Public Sector Accounting Standards (PSAS) to government financial statements. Although this amount was not material to the 2016/17 consolidated financial statements, we were concerned that future statements could become materially misstated if the accounting was not corrected.

The Auditor General was required to issue the qualifications under Canadian Auditing Standards

as the above practices were contrary to Canadian PSAS. Canadian PSAS are the most appropriate accounting standards for the province to use in preparing its consolidated financial statements because they ensure that information about the province's 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.

Annually, we have raised the issue of the prior government having introduced legislation on several occasions to facilitate its establishment of specific accounting practices that may not be consistent with Canadian PSAS. Until now, such actions did not impact the province's consolidated financial statements. The use of legislated accounting treatments by the province to support the accounting/financing design prescribed under the *Ontario Fair Hydro Plan Act, 2017*, could have had a material impact on the annual results and become a significant concern to our Office in the 2017/2018 fiscal year had the accounting not been corrected. More discussion of this issue can be found in our Special Report titled *The Fair Hydro Plan: Concerns About Fiscal Transparency, Accountability and Value for Money*, tabled in the Legislative Assembly on October 17, 2017.

Additional Issues

The Government's Use of Consultants

We noted the prior government engaged external advisors to help design the complex accounting/financing structure of the Fair Hydro Plan rate reduction and sought advice from accounting firms on parts of the transaction. However, despite the recommendation made in our *2016 Annual Report* that the government share with our Office any advice or work of external advisors in formulating an accounting position, the government did not inform us of their advisors' work until we became aware that significant discussions were being held

on matters related to the Fair Hydro Plan, and we specifically requested information.

The Auditor General's Reliance on Component Auditors

As the auditor of the province's consolidated financial statements, we regard as important the work done by private-sector component auditors, who audit the entities that are consolidated into the government's financial statements. Every year, we issue instructions to specific component auditors in order to obtain information about the audit of their component. We use this information to support our audit opinion on the province's consolidated financial statements. To promote timeliness, we set deadlines for the responses, and emphasize that any significant or unusual events are to be reported to us as early as possible.

During the 2016/17 audit, we experienced significant delays in receiving communication from the component auditor of the Independent Electricity System Operator (IESO). This was concerning because we disagreed with last-minute changes made to the IESO's accounting policies that were significant not only to the province's 2016/17 consolidated financial statements, but also to future reporting in Ontario. Our October 17, 2017, Special Report titled *The Fair Hydro Plan: Concerns About Fiscal Transparency, Accountability and Value for Money* highlighted that these changes were made because they were integral to the accounting and financing structure designed under the Fair Hydro Plan to not show the financial impact of the rate reduction in the province's annual results and net debt.

Increasing Debt Burden

The province's growing debt burden also remained a concern in 2016/17, as it has been since we first raised the issue in 2011. We focused on the critical implications of the growing debt for the province's finances. We maintained the view that the government should provide legislators and the public

with long-term targets for addressing Ontario's current and projected debt sustainability, and we reaffirmed our recommendation that the government develop a long-term debt-reduction plan to reduce interest expense, ensuring more dollars go toward government programs.

Ontario Pre-Election Report

The *Fiscal Transparency and Accountability Act, 2004* (Act) requires that, among other things, the government file a regulation to communicate if and when it will release a Pre-Election Report on Ontario's finances in advance of a provincial election. The purpose of the Pre-Election Report is to provide the public with detailed information to enhance its understanding of the province's estimated future revenues, expenses, and projected surpluses or deficits for the next three fiscal years. Under the Act, the Auditor General must review the report to determine whether it is reasonable, and release an independent report describing the results of her review. In our *2017 Annual Report*, we raised a concern that the change of fixed election dates from the fall to the spring could pose time constraints for completing our work in time for the general election on June 7, 2018, especially given that the government had not yet filed a regulation to indicate its intention to release a Pre-Election Report.

We made 10 recommendations, consisting of 14 actions needed for improvement.

Status of Actions Taken on Recommendations

We conducted assurance follow-up work between April 1, 2019 and October 31, 2019, and obtained written representation from the Treasury Board Secretariat and the Ministry of Finance that, effective November 8, 2019, they had provided us with a complete update of the status of the recommendations we made in the *2017 Annual Report*.

Discussion of the Accounting Treatment of a Pension Asset

Recommendation 1

We recommend the government record valuation allowances to offset the net pension assets it has recorded from the Ontario Teachers' Pension Plan and the Ontario Public Sector Employees' Union Pension Plan until such time as it obtains formal written authorization from their pension plan co-sponsors that they are able to lower minimum contributions or withdraw surpluses from the pension funds within the next 12 months.

Status: Fully implemented.

Details

As of March 31, 2017, the government reported net pension assets from the Ontario Teachers' Pension Plan (OTPP) of \$11.511 billion (2015/16—\$10.147 billion) and from the Ontario Public Sector Employees' Union Pension Plan (OPSEUPP) of \$0.918 billion (2015/16—\$0.838 billion), for a total of \$12.429 billion (2015/16—\$10.985 billion). A full valuation allowance against the pension assets should have been recorded in order to comply with Canadian PSAS. Recording a full valuation allowance reduces the net pension asset reported on the consolidated statement of financial position by \$12.429 billion (2015/16—\$10.985 billion), resulting in a net pension liability of \$1.396 billion (2015/16—\$1.673 billion).

In the province's consolidated financial statements for the year ended March 31, 2018, the province recorded a valuation allowance to offset the net pension assets it has recorded from the OTPP and the OPSEUPP.

Inappropriate Consolidation of the IESO's Market Accounts

Recommendation 2

We recommend that the government remove the Independent Electricity System Operator's Market Accounts from the province's consolidated financial statements.

Status: Fully implemented.

Details

The province inappropriately recorded market accounts that do not meet the Canadian PSAS definition of assets and liabilities in the province's consolidated financial statements for the 2016/17 fiscal year.

For the province's consolidated financial statements for the year ended March 31, 2018, the government corrected this situation and removed the Independent Electricity System Operator's market accounts from the province's consolidated financial statements.

The Reasons for the Other Matter Paragraph

Recommendation 3

We recommend the government follow the accounting standards established by the Public Sector Accounting Board and the province's historical accounting precedent, and implement the recommendations in the Special Report issued by our Office and tabled in the legislature on October 17, 2017, titled The Fair Hydro Plan: Concerns About Fiscal Transparency, Accountability and Value for Money, as follows:

- *record the true financial impact of the Fair Hydro Plan's electricity rate reduction on the province's budgets and consolidated financial statements;*

Status: Fully implemented.

Details

Under the Fair Hydro Plan, the prior government created a complicated structure where the shortfall of funds between the amounts owed to the energy generators and paid by the local distribution companies was being funded by debt incurred by a trust under Ontario Power Generation. This structure was put in place to try to keep the debt off the books of the province and not negatively impact the annual bottom line in the province's consolidated statement of operations.

The province's consolidated financial statements for the year ended March 31, 2018, appropriately reported the debt and deficit of the Fair Hydro Plan. The *Fixing the Hydro Mess Act, 2019*, which received Royal Assent in May 2019, winds down the financing structure established under the Fair Hydro Plan by preventing any further issuance of debt through the inappropriate Fair Hydro Plan structure after November 1, 2019.

- *use a financing structure to fund the rate reduction that is least costly for Ontarians.*

Status: Fully implemented.

Details

According to our findings in the Special Report titled *The Fair Hydro Plan: Concerns about Fiscal Transparency, Accountability and Value for Money*, the Financial Accountability Officer estimated that the Fair Hydro Plan would have cost the province up to \$4 billion more in interest costs than if the province borrowed the funds directly through the Ontario Financing Authority.

The province corrected the financing structure so that the costs of the rate reduction will be cheaper for all Ontarians.

The Government's Use of External Consultants

Recommendation 4

The Office of the Auditor General is appointed under the Auditor General Act as the auditor for the consolidated financial statements of the province of Ontario. We recommend that the Treasury Board Secretariat:

- *proactively supply copies to the Auditor General of all contracts it enters into for accounting advice and opinions in order to ensure that our Office is aware of the work the advisors are performing, can assess significant issues in a timely manner, and can determine their impact on the province's consolidated financial statements and our annual audit;*

Status: Fully implemented.

Details

The interests of the Treasury Board Secretariat, the Ministry of Finance and the Office of the Auditor General 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 the Office of the Auditor General as soon as possible, as part of the audit of the consolidated financial statements.

In the 2016/17 and 2017/18 fiscal years, during the audit of the province's consolidated financial statements, our Office requested that the Treasury Board Secretariat provide us with copies of contracts relating to any advisors it uses for accounting advice and opinions. The Treasury Board Secretariat provided our Office with three contracts for advisors it engaged for accounting advice in 2016/17 and two additional contracts in 2017/18. These advisors provided advice and guidance to supplement the Controller Division's internal analysis of significant accounting issues.

- *build into its contracts with external advisors the requirement that the advisors engaged to provide accounting advice and opinions that affect the consolidated financial statements notify our Office of their engagement as required under the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.*

Status: In the process of being implemented by December 1, 2020

Details

The Secretariat has agreed to request its external advisors—engaged to provide accounting advice and/or opinions relating to our Office's audit of the province's consolidated financial statements—to notify the Office of the Auditor General of their engagement, as required under the Code of Professional Conduct of the Chartered Professional Accountants of Ontario. In this regard, the Secretariat has incorporated this request into new contracts with external advisors. The Secretariat is

developing a process for other ministries and agencies to request that their external advisors notify us as well.

The province will review and consider updates to existing directives, policies and contract templates over the next 12 months to facilitate the implementation of the recommendation across ministries, agencies and the broader public sector. Ministries and agencies attest through the annual Certificate of Assurance process that they have disclosed all external consulting arrangements.

The Role of the Group Auditor and the Component Auditor

Recommendation 5

We recommend that the Independent Electricity System Operator (IESO), an “other government organization,” use the Canadian Public Sector Accounting Standards (PSAS) in the preparation of its financial statements. Specifically, it should:

- remove market accounts recorded on its financial statements;

Status: Fully implemented.

Details

The IESO inappropriately recorded market accounts that do not meet the Canadian PSAS definition of assets and liabilities in its financial statements for the year ended December 31, 2016, and December 31, 2017.

In its financial statements for the year ended December 31, 2018, the IESO corrected this situation and appropriately retroactively adjusted its 2016 and 2017 financial statements to remove the market accounts.

- discontinue the inappropriate use of rate-regulated accounting in the preparation of its financial statements.

Status: Fully implemented.

Details

The IESO inappropriately used rate-regulated accounting in its financial statements for the year ended December 31, 2016 and 2017. In its financial statements for the year ended December 31, 2018, the IESO corrected this situation and retroactively adjusted its 2016 and 2017 financial statements to reverse the use of rate-regulated accounting.

To ensure that the members of the Legislative Assembly receive financial information on the operations of the IESO prepared in accordance with Canadian PSAS, the Office of the Auditor General will conduct an attest audit of the December 31, 2017, financial statements of the IESO as permitted under the Electricity Act, Subsection 25.2(2), which states: “The Auditor General may audit the accounts and transactions of the IESO. 2014, c. 7, Sched. 7, s. 3 (1).”

Status: Fully implemented.

Details

We performed a special audit of the IESO’s December 31, 2017, financial statements and were required under Canadian Auditing Standards to issue a denial of opinion because the IESO refused to provide us with written acknowledgement of its roles and responsibilities with respect to our audit (while stating in correspondence that they were co-operating) and would not sign a management representation letter confirming that it had provided us with all relevant information that may affect the financial statements.

Subsequently, the IESO appointed us as the attest auditor for its financial statements for the year ending December 31, 2018. We received all the information required by Canadian Auditing Standards and issued an unqualified opinion.

Legislated Accounting Standards

Recommendation 6

We recommend the government follow the accounting standards established by the Public Sector Accounting Board, rather than using legislation and regulations to prescribe accounting treatments.

Status: Little or no progress

Details

The prior government introduced legislation to facilitate the use of specific accounting practices that may not be consistent with Canadian PSAS.

It is important that Ontario prepare its financial statements in accordance with generally accepted accounting standards, specifically those of Canadian PSAS, in order to maintain its financial reporting credibility, accountability and transparency.

At the time of our follow-up, the province indicated it was committed to preparing its financial statements in accordance with Canadian PSAS in order to provide high-quality financial reports that support transparency and accountability in reporting to the public, the Legislature and other users.

However, the province has no requirement to comply with Canadian PSAS. We continue to believe that this recommendation should be implemented and that the province should comply with Canadian PSAS rather than retaining legislation to prescribe accounting treatments.

Ontario's Debt Burden

Recommendation 7

We recommend that in order to address the province's growing total debt burden, the government work toward the development of a long-term total-debt reduction plan linked to its target of reducing the net debt-to-GDP ratio to its pre-recession level of 27% as measured using proper accounting for net pension assets and the projected costs of the Fair Hydro Plan. The government should also discuss publicly how it plans to pay down the debt.

Status: No longer applicable.

Details

In the province's 2017 budget, the previous government set a target net debt-to-GDP ratio of 27% and then removed this target in its 2018 budget. In its 2019 budget, the current government included a commitment to reduce Ontario's net debt-to-GDP ratio by the 2022/23 fiscal year to less than the Independent Financial Commission of Inquiry's

forecast net debt-to-GDP ratio for the 2018/19 fiscal year of 40.8% of GDP. The province has yet to fully analyze long-term debt sustainability and establish long-term net debt-to-GDP targets to manage debt based on an analysis of future debt sustainability.

Earlier Finalization of the Province's Consolidated Financial Statements

Recommendation 8

We recommend that the Office of the Provincial Controller undertake thorough planning involving all stakeholders, including Treasury Board Secretariat, ministries and provincial government agencies, to identify the barriers and key areas to be addressed to achieve earlier finalization of the province's consolidated financial statements, including the estimation risks associated with corporations tax and personal income tax revenues.

Status: In the process of being implemented.

Details

The Treasury Board Secretariat and the Ministry of Finance are supportive of the timely delivery of the Public Accounts. The Office of the Provincial Controller is communicating with the Office of the Auditor General to identify audit issues early and to ensure that stakeholders are engaged in discussions regarding risks and resolution. The Office of the Provincial Controller will continue to collaborate with the Office of the Auditor General to support the timely delivery of the Public Accounts.

The Treasury Board Secretariat and the Ministry of Finance are not yet able to move up the timelines for releasing the Public Accounts as the province is dependent on the receipt of taxation information from the Canada Revenue Agency, which it does not receive until mid-July each year.

While the province has made progress on the implementation of this recommendation, it is unable to determine a date by which the recommendation will be implemented.

The Affordability Fund Trust

Recommendation 9

We recommend that the government avoid establishing arm's length trusts in order to record an expense in its consolidated financial statements before it is necessary, given that it loses the ability to ensure that funds are ultimately provided to the appropriate beneficiaries.

Status: Fully implemented.

Details

By establishing a non-controlled trust (also known as an “arm’s length” trust), the province can record the full amount transferred to the trust as an expense in the year transferred but it loses its ability to ensure the funds were provided to the appropriate beneficiaries and that value for money was obtained. Without the trust, the province would record the expense when the funds are distributed to the beneficiaries.

Since 2017, there have been no additional payments made to the Affordability Fund Trust. One other non-controlling trust was set up in March 2018 related to the Grassy Narrows First Nations and Wabaseemoong Independent Nations, but no other non-controlled trusts have been set up subsequently.

Auditor General Review of the 2018 Pre-Election Report on Ontario’s Finances

Recommendation 10

We recommend that the government publicly communicate if and when it will file a regulation as outlined under subsection 10(1) of the Fiscal Transparency and Accountability Act, 2004 confirming that the government will release a Pre-Election Report and the timelines for release of the Report that will be subject to our review under the Act.

Status: Fully implemented.

Details

In May 2019, the province passed the *Fiscal Sustainability, Transparency and Accountability Act, 2019*, which replaced the *Fiscal Transparency and Accountability Act, 2004*. Among the changes, the *Fiscal Sustainability, Transparency and Accountability Act, 2019*, now requires the government to release, in a fixed election year, a pre-election report based on its latest budget report, without the need to file a regulation first. In this way, timelines for release of the pre-election report and its review by the Auditor General should be well known going forward.

Chapter 2

Section 2.01

The Fair Hydro Plan: Concerns About Fiscal Transparency, Accountability and Value for Money

Follow-Up on *October 2017 Special Report*

RECOMMENDATION STATUS OVERVIEW

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	2	2				
Total	2	2	0	0	0	0
%	100	100	0	0	0	0

Overall Conclusion

As of June 10, 2019, the government had fully implemented both of the actions we recommended in our *2017 Special Report*. Since our audit, the province has recorded the full financial impact on the province's consolidated financial statements of the reduction in Ontarians' electricity rates mandated by the *Ontario Fair Hydro Plan Act, 2017*. This change was required to enable the Office of the Auditor General of Ontario to issue a "clean," or

unqualified, opinion on the consolidated financial statements for the 2017/18 fiscal year—the first such unqualified opinion in three years.

On May 9, 2019, Bill 87, *Fixing the Hydro Mess Act, 2019*, received royal assent. The Act effectively winds down the financing structure established under the Fair Hydro Plan by preventing any further issuance of debt through the original Fair Hydro Plan structure after November 1, 2019. The Act also shifts the responsibility for Fair Hydro Plan debt servicing and repayment from the ratepayer base (though the Independent Electricity System

Operator) to the taxpayer base (through the Consolidated Revenue Fund).

The status of actions taken on each of our recommendations is described in the following sections.

Background

In the summer of 2016, the Ontario government of the day commissioned a series of opinion polls that included questions about hydro rates. The polls overwhelmingly indicated that Ontarians wanted the government to control electricity prices. In response, the government announced on September 12, 2016, that residential and small-business electricity bills would be lowered by 8% as of January 1, 2017. The 8% reduction would appear on hydro bills as a rebate equal to the provincial portion of the Harmonized Sales Tax.

On March 2, 2017, the government announced a policy decision to further reduce electricity rates for all residential and some small-business ratepayers by 25% on average, including the 8% announced in March. This reduction was effective July 1, 2017, for a period of four years. The government also announced an additional reduction for other programs that would now be paid for by taxpayers rather than hydro ratepayers. Electricity rate increases for eligible ratepayers were to be held to the rate of inflation over the four-year period.

On May 11, 2017, the government introduced Bill 132, *The Fair Hydro Act, 2017*, to legislate the details of the Fair Hydro Plan. The Legislature passed the *Ontario Fair Hydro Plan Act, 2017* on June 1, 2017.

In spring 2017, the Financial Accountability Office (FAO) issued a report entitled *Fair Hydro Plan: An Assessment of the Fiscal Impact of the Province's Fair Hydro Plan*. The FAO estimated that the Fair Hydro Plan would cost the province \$45 billion over 29 years (\$5.6 billion for the provincial HST rebate and \$39.4 billion for the electricity cost refinancing and changes to electricity relief

programs). It also estimated the Fair Hydro Plan would provide overall savings to eligible electricity ratepayers of \$24 billion, resulting in a net cost to Ontarians of \$21 billion. At the time, the FAO also estimated that Ontarians may pay up to \$4 billion more in interest expense by financing the electricity-rate borrowings through the Fair Hydro Plan structure instead of the usual method of issuing provincial debt through the Ontario Financing Authority.

When the Auditor General became aware of Bill 132, she appeared before the Standing Committee on Justice Policy during its three days of public hearings on the Bill in May 2017. In the following months, we performed additional work to further understand the rationale behind the accounting and financing design of the *Ontario Fair Hydro Plan Act, 2017* and how plans evolved. What we learned made it necessary to issue the Special Report on *The Fair Hydro Plan: Concerns About Fiscal Transparency, Accountability and Value for Money*.

As an independent, non-partisan Office of the Legislative Assembly, the Office of the Auditor General is committed to protecting the public interest. Under the *Auditor General Act*, the Legislature has given the Office of the Auditor General the statutory right and responsibility to speak out when the financial information of the government is not, or will not be, presented fairly and transparently to both the Legislature and Ontarians. In issuing the Special Report, we were fulfilling our responsibility under Section 12(1) of the *Auditor General Act*.

We made one recommendation, consisting of two actions.

Status of Actions Taken on Recommendations

We conducted assurance follow-up work between April 1, 2019, and June 10, 2019, and obtained written representation from the Treasury Board Secretariat effective November 7, 2019, that it had

provided us with a complete update of the status of the recommendations we made in the Special Report on *The Fair Hydro Plan: Concerns About Fiscal Transparency, Accountability and Value for Money*.

Key Issue: Sound Fiscal Transparency, Accountability and Value for Money

Recommendation 1

The Office of the Auditor General recommends that the government:

- record the true financial impact of the Fair Hydro Plan's electricity rate reduction on the Province's budgets and consolidated financial statements;

Status: Fully implemented.

Details

Under the Fair Hydro Plan, the government of the day created a complicated structure in which the difference between the amounts owed to energy generators and the amounts actually collected from electricity users by local distribution companies would be funded by debt raised by a trust established under Ontario Power Generation. This structure was put in place by the government of the day to keep debt off the province's consolidated financial statements.

In July 2018, the newly elected government announced the creation of an Independent Financial Commission of Inquiry (Commission) under the *Public Inquiries Act, 2009*. The mandate of the Commission included a requirement to "perform a retrospective assessment of government accounting practices, including pensions, electricity refinancing and any other matters deemed relevant to inform the finalization of the 2017/18 Consolidated Financial Statements of the Province." The Commission reported to the Minister of Finance and the Attorney General on August 30, 2018.

In September 2018, the government accepted the Commission's recommendations.

As a result, in the province's consolidated financial statements for the year ended March 31, 2018, the government correctly recorded the financial impact of the Fair Hydro Plan on the province's debt and deficit. As such, the Auditor General of Ontario was able to issue a "clean" or unqualified opinion on the consolidated financial statements of the province of Ontario for the 2017/18 fiscal year.

Other actions recommended by the Commission included:

- providing the Auditor General of Ontario with advance notification and the ability to provide comment when a ministry or agency proposes to engage a private-sector firm to provide accounting advice;
- adopting the Auditor General's accounting treatment for any net pension assets of the Ontario Teachers' Pension Plan and Ontario Public Service Employees' Union Pension Plan; and
- undertaking a review of the *Fiscal Transparency and Accountability Act, 2004* to improve its effectiveness in guiding government fiscal planning and reporting.

In order to address the recommendation made by the Commission with respect to engagement of private-sector firms, the Auditor General of Ontario has communicated independence requirements to firms that audit the entities included in the consolidated financial statements of the province. In addition, the Auditor General of Ontario is developing protocol documents with the Office of the Provincial Controller Division (OPCD), the ministries, and agencies to improve the timely flow of accounting information between parties. For example, the protocol documents will establish a process whereby the Office of the Auditor General will receive notification when a ministry or agency is issuing a request for proposal for external accounting advice. In addition, the Auditor General and OPCD would both receive draft financial statements of the entities that report into the consolidated financial statements prior to approval by the entity's own governing body (i.e., board, committee, etc.).

- use a financing structure to fund the rate reduction that is least costly for Ontarians.

Status: Fully implemented.

Details

According to our findings in the Special Report, the FAO estimated that the Fair Hydro Plan would have cost the province up to \$4 billion more in interest costs than if the province had borrowed the funds directly through the Ontario Financing Authority.

On the recommendation of the Commission, the government tabled Bill 87, *Fixing the Hydro Mess Act, 2019* (Act). The Act, which received royal assent on May 9, 2019, winds down the financing structure established under the Fair Hydro Plan by preventing any further issuance of debt through the Fair Hydro Plan structure after November 1, 2019. As a result, debt will be able to be raised at a lower cost by the Ontario Financing Authority.

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 five Committee reports tabled in April 2018 and May 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.

We conduct our follow-up work and report on the results in accordance with the applicable Canadian Standards on Assurance Engagements—Direct Engagements issued by the Auditing and Assurance Standards Board of the Chartered

Professional Accountants of Canada. Our Office complies with the Canadian Standard on Quality Control. We comply with the independence and other ethical requirements of the Code of Professional Conduct issued by Chartered Professional Accountants of Ontario, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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 assist 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 83% of the Committee's 45 recommended actions, including 63% that have been fully implemented. The Treasury Board Secretariat has fully implemented all of the recommendations in the Committee's report on the Public Accounts of the Province, and Metrolinx has fulfilled 100% of the Committee's 15 requests for information in the Committee's report on Metrolinx—Public Transit Construction Contract Awarding and Oversight.

However, there has been little or no progress on three (7%) of the recommended actions from the Committee's Immunization report. For instance, the Ministry of Health had not yet formally set a timeline by which it will collect and publish information for immunization coverage rates by schools and daycares.

A further 10% of the Committee's recommended actions will not be implemented. These recommendations are all from the report on Immunization, in which the Ministry of Health indicated it could not unilaterally eliminate incentives paid to physicians because these incentives were part of its broader negotiations with the Ontario Medical Association. The Ministry also indicated it would not revise its policies on adverse-events reporting and follow-up because it considered its current practices to be sufficient. More specific details are presented in the section that follows **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 the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
3.01 Immunization Tabled April 2018	14	18	3.5	7	3	4.5	0
3.02 Independent Electricity System Operator—Market Oversight and Cybersecurity Tabled May 2018	8	10	8	2	0	0	0
3.03 Metrolinx—Public Transit Construction Contract Awarding and Oversight Tabled May 2018	12	15	15	0	0	0	0
3.04 Public Accounts of the Province Tabled May 2018	2	2	2	0	0	0	0
3.05 Review of Government Advertising Tabled May 2018	n/a*	n/a	n/a	n/a	n/a	n/a	n/a
Total	36	45	28.5	9	3	4.5	0
%	—	100	63	20	7	10	0

* The Committee's report did not contain any recommendations.

Chapter 3

Section 3.01

Immunization

Standing Committee on Public Accounts Follow-Up on Section 1.04, 2016 Annual Report

On November 22, 2017, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2014 audit of Immunization. The Committee tabled a report on this hearing in the Legislature in April 2018. The full report can be found at www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html.

The Committee made 14 recommendations and asked the Ministry of Health, previously known

as the Ministry of Health and Long-Term Care (Ministry), to report back by August 2018, which the Ministry did. A number of the issues raised by the Committee were similar to the audit observations of our 2014 audit, which we followed up on in 2016. The status of each of the Committee's recommended actions is shown in **Figure 1**.

Between the time of the Committee's recommendations in April 2018 and our follow-up, the

Figure 1: Summary Status of Actions Recommended in April 2018 Committee Report

Prepared by the Office of the Auditor General of Ontario

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the 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	1	0.5			0.5	
Recommendation 4	1		1			
Recommendation 5	1	1				
Recommendation 6	1			1		
Recommendation 7	2		2			
Recommendation 8	1			1		
Recommendation 9	2	1	1			
Recommendation 10	1				1	
Recommendation 11	1		1			
Recommendation 12	1				1	
Recommendation 13	1				1	
Recommendation 14	1				1	
Total	18	3.5	7	3	4.5	0
%	100	19	39	17	25	0

Ministry was expecting changes to the *Immunization of School Pupils Act* to help it to implement key actions, such as requiring health-care practitioners to report immunization data so that the data can be promptly entered into Ontario's immunization repository. However, those previously planned changes to legislation were not proclaimed, and at the time of our follow-up, the Ministry could not tell us when, or if, the changes would become law.

In the absence of legislated changes, the Ministry was looking at alternative solutions using available technology. For example, at the time of our follow-up, the Ministry was working with vendors to coordinate updates to physicians' electronic medical records (EMRs) so that immunization data can be transferred from the EMRs to the immunization repository (as a workaround, in the absence of legislation requiring physicians to provide this data).

We conducted assurance work between April 1, 2019 and June 30 2019, and obtained written representation from the Ministry that effective October 31, 2019, it has provided us with a complete update of the status of the recommendations made by the Committee.

Overall Conclusion

At the time of our follow-up, the Ministry had implemented, or had plans to implement, many of the Committee's recommendations. However, in some areas, the Ministry indicated it would not, or could not, implement recommendations.

According to the information the Ministry provided to us, as of August 12, 2019, only 3.5 of the Committee's 18 recommended actions (9%) were fully implemented; seven actions were in the process of being implemented (39%); for three actions (17%), little or no progress had been made; and the Ministry indicated it would not be implementing 4.5 actions (25%).

The Ministry's completed actions included deciding on at what ages Ontarians' immunization

rates should be measured and finalizing specifications for software product vendors to enable transmission of immunization data from electronic medical records to the immunization repository. The Ministry was assessing whether national immunization coverage rates are appropriate for use in Ontario. The Ministry was expecting that legislative changes to the *Immunization of School Pupils Act*, planned for 2018, would help it implement three recommended actions. For example, one expected change in legislation would have supported the reporting of immunization data in real time for entry into the immunization repository, which in turn would have helped inform reporting of immunization coverage rates by schools and day-cares. The changes had still not been proclaimed at the time of our follow-up, and so the Ministry had made little progress on these actions. Regarding recommendations that will not be implemented, the Ministry indicated it could not unilaterally eliminate incentives paid to physicians because these incentives were part of its broader negotiations with the Ontario Medical Association (we recommended that the incentives be eliminated because they had been found to be ineffective in improving immunization rates). The Ministry also indicated it would not revise its policies on adverse-events reporting and follow-up because it considered its current practices to be sufficient.

Detailed Status of Recommendations

Figure 2 shows the recommendations and status details that are based on responses from the Ministry of Health, 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>Recommendation 1</p> <p>The Ministry of Health and Long-Term Care should make optimal use of Panorama by:</p> <ul style="list-style-type: none"> including all Ontarians’ immunization data in the immunization repository; Status: In the process of being implemented by December 2020. assessing the advantages and disadvantages of each Panorama module and calculating the costs associated with implementing additional modules; Status: In the process of being implemented by end of fall 2019. establishing a specific timeline for individual physicians and pharmacists to enter real-time immunization data into Panorama. Status: Little or no progress. 	<p>Since early 2016, all public health units input all middle-school immunizations that they administer directly into the immunization repository. However, most children’s immunizations are given during infancy, and are typically not entered until children begin attending school or a licensed daycare—often many years after the immunizations were administered.</p> <p>Amendments to a regulation of the <i>Immunization of School Pupils Act</i>, which would have required paediatricians and other health-care providers to report immunizations to public health units, were passed on March 29, 2018, but were not proclaimed. At the time of our follow-up, the Ministry could not provide a time frame for when or if the regulation would be proclaimed.</p> <p>The Ministry has been working on different initiatives to enable immunization information to be entered into the immunization repository by physicians and other health-care practitioners. In particular, since 2016, the Ministry’s preferred method of tracking immunization data has been to use software to extract it from patient records. In November 2018, the Ministry began working with eHealth Ontario, the Ontario Medical Association and electronic medical record vendors to enable such extractions, with the plan being to use this information to populate the immunization repository. However, the approach will include only those physicians who are compliant with Ontario Medication Association standards. The Ministry does not expect this method to be operational before December 2020.</p> <p>The Ministry has implemented two of Panorama’s four modules: those for recording immunizations in a database (2014) and managing the inventory of vaccines (2015). The Ministry did not assess the advantages and disadvantages of these because they considered them to be integral to the immunization program and they had already been implemented at the time of our follow-up.</p> <p>In March 2019, the Ministry outlined the results of its preliminary evaluation of the other two modules: investigations and management of illness outbreaks. The evaluation indicated that these modules had limited functionality compared to the legacy system used by public health units for over 10 years. The Ministry also noted that implementing these modules would be a complex and not cost-effective project costing nearly \$100 million. The Ministry expects to finalize its full evaluation by end of fall 2019.</p> <p>Since the amended regulation of the <i>Immunization of School Pupils Act</i> was passed on March 29, 2018, but was not proclaimed, paediatricians and other health-care providers did not become required to provide immunization information to public health units. At the time of our follow-up, the Ministry could not provide a time frame for when or if the amended regulation would be proclaimed.</p> <p>As noted above, the Ministry has been working on other approaches to entering real-time immunization data into Panorama with limited success to date.</p>

Committee Recommendation	Status Details
<p>Recommendation 2</p> <p>The Ministry of Health and Long-Term Care should provide a more detailed account of Panorama’s current \$14 million annual operating budget, including Ministry spending on information and technology, maintenance, and research and development.</p> <p>Status: Fully implemented.</p>	<p>The Ministry provided a more detailed account of Panorama’s 2016/17 operating budget. According to the information provided by the Ministry, costs decreased by about \$2 million between 2016/17 and 2018/19 as a result of several factors. In 2016/17, a one-time cost of about \$1 million was incurred for a software upgrade, primarily consisting of labour costs; and, in 2018/19, the Ministry incurred decreased labour costs due to greater familiarity with the software and also negotiated reduced maintenance fees.</p>
<p>Recommendation 3</p> <p>The Ministry of Health and Long-Term Care must confirm if, as planned, it finalized the specifications for product vendors in February 2018, and if health-care providers were able to enter and view immunization records through ICON, as of March 2018. If either or both of these goals have not been accomplished, the Ministry must provide an explanation to the Committee.</p> <p>Status: Fully implemented specifications for product vendors; entering and viewing records through ICON will not be implemented.</p>	<p>In early 2018, the Ministry prepared the specifications for software product vendors to enable the sharing of immunization data within electronic medical records using Panorama; the Ministry updated the specifications again in June 2019.</p> <p>ICON was not rolled out for physicians to use because the Ministry indicated it was focusing its efforts on obtaining immunization records from electronic medical records, as described above.</p>
<p>Recommendation 4</p> <p>The Ministry of Health and Long-Term Care should determine if national vaccination coverage goals are appropriate for Ontario and, if they are suitable, should officially adopt them as Ontario’s target coverage rates. If the goals are unsuitable, the Province should set provincial coverage rate targets.</p> <p>Status: In the process of being implemented by end of fall 2019.</p>	<p>In 2017, the Ministry and Public Health Ontario (PHO)—the agency responsible for assessing Ontario’s immunization coverage—participated in an expert working group led by the Public Health Agency of Canada to establish new national immunization coverage goals for 2025. This working group approved national immunization targets; however, at the time of this follow-up, the Ministry was still assessing the targets to determine their applicability for Ontario. Considerations include Ontario’s ability and authority to collect immunization information, and setting provincial goals for vaccines not provided nationally (e.g. rotavirus, which is provided in Ontario but not throughout Canada).</p> <p>The Ministry informed us that it plans to finalize its assessment and approve an approach to adopt immunization targets by end of fall 2019.</p>
<p>Recommendation 5</p> <p>The Ministry of Health and Long-Term Care should determine if the federally determined tracking immunization rates for individuals aged 2, 7, and 17 are appropriate for Ontario’s needs.</p> <p>Status: Fully Implemented.</p>	<p>The Ministry has determined that tracking immunization rates for individuals aged 2, 7 and 17 is appropriate for Ontario’s needs because tracking at these ages allows for the comparison of immunization coverage within Canada and internationally. However, at this time, it is not possible to report immunization rates for two-year olds, because there is no specific legislative mechanism in place to enable the collection, use and disclosure of data in Ontario.</p>

Committee Recommendation	Status Details
<p>Recommendation 6</p> <p>The Ministry of Health and Long-Term Care should formally set a timeline by which it will collect and publish information for immunization coverage rates by schools and daycares.</p> <p>Status: Little or no progress.</p>	<p>In the Ministry's August 2018 response to the Committee, it indicated that by March 2019, it would be publicly reporting immunization rates by school. However, at the time of our follow-up in June 2019, the Ministry was still reviewing, with Public Health Ontario, options for publicly reporting these immunization rates. The Ministry plans to use the outcomes of this review to also inform how it will then report rates by daycares. However, the Ministry will not be able to establish timelines for publishing immunization information for infants and toddlers in daycares until immunizations are recorded in Panorama.</p>
<p>Recommendation 7</p> <p>The Ministry of Health and Long-Term Care should ensure that childhood immunization coverage rates reach herd immunity levels by:</p> <ul style="list-style-type: none"> • identifying specific communities or areas with low immunization coverage rates; Status: In the process of being implemented by December 2020. • promoting and educating these communities or areas on the benefits of immunization. Status: In the process of being implemented by December 2020. 	<p>As a first step toward improving immunization rates in communities where the rates are lower, the Ministry revised its Public Health Standards in January 2018. The revisions require public health units to monitor immunization coverage and trends, and identify priority populations across the broad spectrum of public health. However, identifying priority communities requires current immunization information by school and/or daycare, which, as outlined in Recommendation 1, the Ministry does not expect to have before 2020.</p> <p>The Ministry has historically provided materials for public health units to help promote the overall benefits of immunization. Public health units work with community partners to improve public knowledge and confidence in immunization programs and services. The Ministry and public health units will not, however, have the community-specific information needed to promote and educate priority communities before it has immunization coverage rates by individual schools and/or daycares.</p>
<p>Recommendation 8</p> <p>The Ministry of Health and Long-Term Care should continue to advance the most effective practices to combat vaccine hesitancy and learn from other jurisdictions' best practices.</p> <p>Status: Little or no progress.</p>	<p>The Ministry's most recent significant action that could address vaccine hesitancy was to require parents who were not going to immunize their children for non-medical reasons to attend an education session at their public health unit. However, the Ministry has not yet been able to determine the extent to which this has increased vaccination rates.</p> <p>The Ministry continues, in collaboration with other provinces, to research ways to reduce vaccine hesitancy, such as developing effective communication materials. Public Health Ontario completed a study on the characteristics of unimmunized children in May 2019. The Ministry indicated that the results of this study will help to inform future approaches to reducing vaccine hesitancy.</p>

Committee Recommendation	Status Details
<p>Recommendation 9</p> <p>The Ministry of Health and Long-Term Care should optimize the CANImmunize tool by</p> <ul style="list-style-type: none"> integrating the CANImmunize data to the Panorama data; Status: In the process of being implemented by January 2020. increasing the number of Ontarians who utilize CANImmunize to monitor and track their own or their family's vaccinations. Status: Fully implemented. 	<p>CANImmunize, which was developed by an Ontario hospital using federal funding, is a free smartphone application that Ontarians can use to record their immunizations for personal record-keeping. The hospital and the Ministry have together worked to integrate CANImmunize with the immunization repository data, which includes Panorama data, and this integration is expected to be completed by January 2020. Those who have the application can then elect to have their immunization information transmitted to the immunization repository after the public health unit checks whether the vaccines have been given correctly, in accordance with Ontario's immunizations schedule and consistent with the child's immunization history.</p> <p>Since CANImmunize was not developed using ministry funding, the Ministry informed us that it has limited authority over its use in Ontario. However, the Ministry has made local public health units aware of the system to allow them to consider promoting it based on local needs. Some public health units have accordingly engaged in activities to increase the local use of CANImmunize.</p>
<p>Recommendation 10</p> <p>The Ministry should ensure that incentives paid to physicians to improve immunization rates are evidence-based and achieve the desired outcome. Status: Will not be implemented.</p>	<p>The Ministry continues to support findings originally published in a 2011 study, which noted payments to physicians are generally not an effective means of increasing flu and toddler immunization rates. Following the most recent negotiations between the Ministry and the Ontario Medical Association in February 2019, these incentives remain unchanged.</p>
<p>Recommendation 11</p> <p>The Ministry of Health and Long-Term Care should develop and establish a consistent process for conducting a cost-benefit analysis of vaccines and report the time frame for the NACI's and the Province's cost-benefit process to the Committee. Status: In the process of being implemented by fall 2020.</p>	<p>The Ministry informed us that the National Advisory Committee on Immunization (NACI), a committee of the Public Health Agency of Canada, is planning to update its framework for evaluating vaccines in the fall of 2020. It expects to include additional factors in its framework, such as whether vaccines can be delivered equitably across Canada, as well as the feasibility of their delivery. The Ministry informed us that it plans to consider aligning its new cost-benefit assessment process with NACI's updated approach.</p>
<p>Recommendation 12</p> <p>The Ministry of Health and Long-Term Care should immediately begin developing a plan for collecting and tracking information on the health-care providers who administer vaccines with adverse events. Status: Will not be implemented.</p>	<p>While 2018 revisions to the <i>Health Protection and Promotion Act</i> require health-care providers such as physicians to report adverse reactions to public health units, the Act did not require the name of the health-care provider who administered the vaccine to be reported. The Ministry informed us that they were not planning on requiring such reporting because, in their assessment, most adverse reactions are related to vaccines and ingredients, not vaccine administration practices.</p>

Committee Recommendation	Status Details
<p>Recommendation 13</p> <p>The Ministry of Health and Long-Term Care and Public Health Ontario should develop and implement an official strategy for following up on adverse events following immunization once the Public Health Accountability Framework is finalized in January 2018.</p> <p>Status: Will not be implemented.</p>	<p>In January 2018, the Ministry updated the Public Health Accountability Framework as part of a larger update of Ontario's Public Health Standards. As part of this update, the Ministry provided more details on how to implement the existing requirement for public health units to promote the reporting and investigating of adverse events.</p> <p>The Ministry informed us that the current process for monitoring the safety of vaccines is robust and it does not plan to revise it.</p>
<p>Recommendation 14</p> <p>The Ministry of Health and Long-Term Care should examine best practices from other provinces and jurisdictions with a view to decreasing vaccine wastage.</p> <p>Status: Will not be implemented.</p>	<p>The Ministry has not examined the practices of other provinces and jurisdictions and is not planning a formal initiative to do so because it has concluded that the size of Ontario, and the related size of the distribution network for vaccines, minimizes the value of such comparisons.</p> <p>The Ministry has informed us that it will work with local public health units to develop inventory management best practices for minimizing vaccine wastage.</p>

Chapter 3

Section 3.02

Independent Electricity System Operator—Market Oversight and Cybersecurity

Standing Committee on Public Accounts Follow-Up on Section 3.06, 2017 Annual Report

On March 7, 2018, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2017 audit of the Independent Electricity System Operator (IESO). The Committee tabled a report on this hearing in the Legislature in May 2018. A link to the full report can be found at www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html.

The Committee made eight recommendations and asked the IESO, the Ontario Energy Board (OEB) and the Ministry of Energy (Ministry) to

report back by September 2018. The Deputy Minister of Energy requested an extension of the deadline for itself and its agencies, which was granted. The IESO, OEB and Ministry formally responded to the Committee on November 15, 2018. A number of the issues raised by the Committee were similar to the audit observations of our 2017 audit, which we followed up on in 2019. The status of each of the Committee’s recommended actions is shown in **Figure 1**.

Figure 1: Summary Status of Actions Recommended in May 2018 Committee Report

Prepared by the Office of the Auditor General of Ontario

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the 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	2				
Recommendation 5	1	1				
Recommendation 6	1	1				
Recommendation 7	2	2				
Recommendation 8	1		1			
Total	10	8	2	0	0	0
%	100	80	20	0	0	0

We conducted assurance work between February 5, 2019 and August 31, 2019, and obtained written representation from IESO that effective September 27, 2019, it had provided us with a complete update of the status of the recommendations made by the Committee.

and 20% of the recommended actions were in the process of being implemented.

Overall Conclusion

As of August 31, 2019, 80% of the Committee’s recommended actions had been fully implemented

Detailed Status of Recommendations

Figure 2 shows the recommendations and status details based on responses from the Independent Electricity System Operator (IESO), the Ontario Energy Board (OEB) and the Ministry of Energy (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>Recommendation 1</p> <p>The IESO should:</p> <ul style="list-style-type: none"> provide the Committee details on the approach it takes when deciding whether or not to implement a recommendation submitted by the OEB Market Surveillance Panel. <p>Status: Fully Implemented</p>	<p>On November 15, 2018, the IESO provided details to the Committee on the approach it took when deciding whether to implement a recommendation submitted by the OEB Market Surveillance Panel.</p> <p>In the details provided to the Committee, the IESO explained that:</p> <ul style="list-style-type: none"> it carefully considered every Ontario Energy Board Market Surveillance Panel (MSP) recommendation and the MSP’s underpinning analysis, and responded to each recommendation outlining the actions it would take in a letter directed to the Chair and CEO of the OEB. it had acted on a number of the recommendations made by the MSP in the past and had made a number of market rule amendments as a result. it analyzed and assessed MSP recommendations, and considered possible amendments to market rules to address those recommendations, while also balancing the need to ensure the reliability of the electricity network. This included considering the impact on market design, including the potential for unintended, adverse effects, and assessing the ability of the IESO and market participants to implement the change.
<p>Recommendation 2</p> <p>The OEB should:</p> <ul style="list-style-type: none"> provide the Committee with its rationale for having never revoked a market rule change. <p>Status: Fully Implemented</p>	<p>On November 15, 2018, the OEB sent a written response to the Committee to provide a rationale for never having revoked a market rule change. The OEB explained the legislative framework that applies to the marking (by the IESO) and review (by the OEB) of market rule changes. The OEB then wrote that “it has discharged its Market Rule change review mandate in a responsible manner within the parameters set by legislation, and will continue to do so as it does with all aspects of its mandate.” The OEB also wrote that it “reiterate(d) its support for the recommendations of its Market Surveillance Panel, as well as the OEB’s continued commitment to use the tools at its disposal to signal that support having regard to its own authorities and processes while respecting the mandate and responsibilities of other agencies.”</p>

Committee Recommendation	Status Details
<p>Recommendation 3</p> <p>The Ministry of Energy should:</p> <ul style="list-style-type: none"> provide the Committee, when available, the results of its review of the <i>Electricity Act, 1998</i> concerning the market rule amendment process and the legislative authority of the Ontario Energy Board (OEB). <p>Status: In the Process of Being Implemented</p> 	<p>The Ministry's review of the OEB's legislative authority was ongoing, and was being undertaken in consultation with the OEB and the IESO. This work would also be informed by the broader work of the OEB Modernization Panel.</p> <p>The Panel initially operated from December 2017 to June 2018 when it was concluded as part of the post-election transition, as the new government had ended the work of previously appointed special advisors. All ministers were asked to consider whether the work of special advisors should continue, and if so, in what form. Consequently, the Minister of Energy determined that it would be beneficial to receive the Panel's perspective on the mandate, role and structure of the OEB, and sought and obtained approval to have the Panel re-constituted in August 2018. The Panel's work was completed and its final report was submitted to the Minister in October 2018.</p> <p>On March 21, 2019, the Ministry introduced the <i>Fixing the Hydro Mess Act, 2019</i>, which included a proposed overhaul of the OEB to make the regulatory system more efficient and accountable while continuing to protect consumers. The proposed overhaul of the OEB was informed by recommendations from the OEB Modernization Panel, stakeholders and regulatory experts.</p> <p>As part of the ongoing efforts to modernize the OEB, the Ministry was developing options for the government's consideration related to the market rule amendment process. The Ministry committed to reporting to the Committee in the second half of 2019 on progress on its review of electricity market oversight and OEB authority.</p>
<p>Recommendation 4</p> <p>The IESO should:</p> <ul style="list-style-type: none"> describe its new cost recovery framework for the Standby Cost Recovery Program <p>Status: Fully Implemented</p> <ul style="list-style-type: none"> provide the Committee with the total costs of the Standby Cost Recovery Program in 2017. <p>Status: Fully Implemented</p>	<p>On November 15, 2018, the IESO described its new cost recovery framework for the Standby Cost Recovery Program to the Committee.</p> <p>The IESO informed the Committee that it had implemented a new cost recovery framework for the Standby Cost Recovery Program on August 1, 2017. Under this new framework, the values for 14 of the 15 eligible costs are now set and approved for each program participant in advance of participating in the program. This change introduced transparency for program participants while eliminating overpayments and almost all after-the-fact audits of participant cost submissions. One of the 15 eligible costs, the quantity of gas or other fuel consumed during the eligible period, is still subject to audit as it cannot be pre-approved.</p> <p>The IESO provided the Committee with the total costs of the Standby Cost Recovery Program in the 2017 calendar year, which amounted to \$27.5 million.</p>
<p>Recommendation 5</p> <p>The IESO should:</p> <ul style="list-style-type: none"> provide a rationale for the continued usage of the Standby Cost Recovery Program. <p>Status: Fully Implemented</p>	<p>On November 15, 2018, the IESO provided the Committee with its rationale for the continued usage of the Standby Cost Recovery Program.</p> <p>The IESO explained to the Committee that it needed to continue to use the Standby Cost Recovery Program because:</p> <ul style="list-style-type: none"> It had to be prepared for changes, both expected and unexpected, to the electricity system to maintain reliability. Having generators readily available allows the IESO to meet demand effectively without reducing reliability.

Committee Recommendation	Status Details
	<ul style="list-style-type: none"> Gas generators are flexible and dispatchable units that are often called on to meet changes in Ontario’s electricity demand. They can, however, take several hours to start up and synchronize to the grid. During this start-up period, these generators incur costs in order to be available. In instances when they do not recover those costs through market revenues, the generators can recover certain costs through the Standby Cost Recovery Program. Without this program, the IESO would be unable to ensure that generators are online and available to maintain electricity system reliability for Ontario and its neighbours. Higher costs would also result. <p>The IESO acknowledged to the Committee that there were issues with the current Standby Cost Recovery Program, and committed to replace it as part of its ongoing work to fundamentally overhaul Ontario’s electricity market. The replacement of the Standby Cost Recovery Program with a new more cost-effective program is scheduled for March 2023.</p>
<p>Recommendation 6</p> <p>The IESO should:</p> <ul style="list-style-type: none"> provide a rationale for the continued usage of the Lost Profit Recovery Program. <p>Status: Fully Implemented</p>	<p>On November 15, 2018, the IESO provided the Committee with its rationale for the continued usage of the Lost Profit Recovery Program.</p> <p>The IESO explained to the Committee that it needed to continue to operate the Lost Profit Recovery Program to maintain the reliability of Ontario’s electricity system. In some instances, the IESO might require market participants, like generators and some large consumers, to consume or inject electricity at a financial loss. This would typically be required due to system constraints such as transmission line limits. This program allowed market participants to recover their financial losses, providing an incentive for them to comply with IESO dispatch instructions to maintain system reliability.</p> <p>The IESO also informed the Committee that the Single Schedule Market initiative (SSM), which the IESO planned to implement as part of its fundamental overhaul of Ontario’s electricity market, would eliminate the need for the Lost Profit Recovery Program by 2023.</p>
<p>Recommendation 7</p> <p>The IESO should:</p> <ul style="list-style-type: none"> provide the Committee with a description of the Oversight Division’s new computer system and the expected date for full implementation. <p>Status: Fully Implemented</p>	<p>On November 15, 2018, the IESO provided the Committee with a description of their Oversight Division’s new computer system.</p> <p>The IESO informed the Committee that the Oversight Division had procured and had started to use a new case management workflow tool for enforcement. By December 2017, the case management workflow tool was in use for all market enforcement investigations. The Oversight Division also had a Litigation Support Tool in use during our audit, enabling analysis and storage of evidence when enforcement cases were appealed.</p> <p>These workflow tools were similar to those used by a variety of sophisticated investigative and adjudicative organizations, such as the Ontario Securities Commission and the Federal Court. The contractor that developed the tools and was assisting the Oversight Division in using them also worked in the same capacity with those organizations.</p>

Committee Recommendation	Status Details
<ul style="list-style-type: none"> provide a summary of its plans for providing IT support on the new system. <p>Status: Fully Implemented</p>	<p>The IESO provided a summary of its plans for IT support with the new system.</p> <p>The IESO's IT department had been providing support to the Oversight Division as it worked with its contractor to customize the newly purchased IT system. Once customization was finished, the new system would be supported by the IESO's IT group.</p>
<p>Recommendation 8</p> <p>The Ministry of Energy should:</p> <ul style="list-style-type: none"> provide an analysis of the expected long-term impact of the expansion of the Industrial Conservation Initiative (ICI) on residential and small-business ratepayers. <p>Status: In the Process of Being Implemented</p>	<p>The Ministry had previously provided the Committee with a forecast of the long-term cost shift to residential and small-business ratepayers, as requested in the Committee's May 1, 2018 report.</p> <p>In the 2018 Fall Economic Statement, the government announced a consultation to be held in 2019. As part of the industrial electricity prices consultation, the Ministry would be assessing the Industrial Conservation Initiative and its impacts, and would be considering alternative rate structures. The Ministry expected that the results of this consultation would inform the future of the Initiative.</p> <p>On March 21, 2019, the Ministry introduced the <i>Fixing the Hydro Mess Act, 2019</i>. As part of the announcement, the government confirmed that it would undertake a stakeholder consultation on industrial electricity prices.</p>

Chapter 3

Section 3.03

Metrolinx—Public Transit Construction Contract Awarding and Oversight

Standing Committee on Public Accounts Follow-Up on Section 3.09, 2016 Annual Report

On February 21, 2018, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2016 audit of Public Transit Construction Contract Awarding and Oversight administered by Metrolinx. The Committee tabled a report on this hearing in the Legislature in May 2018. The full report can be found at www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html.

The Committee made 12 recommendations and asked Metrolinx to report back by September 2018. Metrolinx formally responded to the Committee on August 31, 2018. Several issues raised by the Committee were similar to the audit observations of our 2016 audit, which we followed up on in 2018. The status of each of the Committee's recommended actions is shown in **Figure 1**.

We conducted assurance work between April 1, 2019, and June 30, 2019, and obtained written representation from Metrolinx that effective October 1, 2019, it had provided us with a complete update of the status of the recommendations made by the Committee.

Overall Conclusion

As of June 30, 2019, all of the Committee's recommended actions had been fully implemented.

Detailed Status of Recommendations

Figure 2 shows the recommendations and status details that are based on responses from Metrolinx, and our review of the information provided.

Figure 1: Summary Status of Actions Recommended in May 2018 Committee Report

Prepared by the Office of the Auditor General of Ontario

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the 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	2				
Recommendation 5	2	2				
Recommendation 6	2	2				
Recommendation 7	1	1				
Recommendation 8	1	1				
Recommendation 9	1	1				
Recommendation 10	1	1				
Recommendation 11	1	1				
Recommendation 12	1	1				
Total	15	15	0	0	0	0
%	100	100	0	0	0	0

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>Recommendation 1</p> <p>Metrolinx should:</p> <ul style="list-style-type: none"> provide the Committee with its most recent results, including results from 2016-17 and 2017-18, of additional costs incurred by Metrolinx attributed to errors and omissions by design consultants. <p>Status: Fully implemented.</p>	<p>On August 30, 2018, Metrolinx provided the Committee with its most recent results, including results from 2016-17 and 2017-18, of additional costs incurred by Metrolinx attributed to errors and omissions by design consultants.</p> <p>Since the release of the Auditor General's <i>2016 Annual Report</i>, there have been two projects with evidence of poor performance by design consultants that Metrolinx has disputed, including:</p> <ul style="list-style-type: none"> a schedule overrun on a bus rapid transit station attributed to the performance of the design consultant. This dispute was settled by Metrolinx and invoiced monies were not paid to the design consultant; and a cost impact on a GO Station attributed to the default in the performance of the design consultant. Metrolinx was in the process of attempting to recover money from the design consultant.

Committee Recommendation	Status Details
<p>Recommendation 2</p> <p>Metrolinx should:</p> <ul style="list-style-type: none"> provide the Committee with results of its evaluation and lessons learned exercise from the pilot tender using Vendor Performance Management (VPM), which was expected to be completed by March 2018. <p>Status: Fully implemented.</p>	<p>On August 30, 2018, Metrolinx provided the Committee with results of its evaluation and lessons learned exercise from the pilot tender using Vendor Performance Management.</p> <p>From December 2017 to April 2018, Metrolinx undertook two pilot projects where Vendor Performance Rating (VPR) data was used, as 5% of the total evaluation matrix, in evaluation of tender submissions and awarding of new contracts. In one project, the winning bidder had the highest technical capability that, along with a higher VPR, led to the awarding of the contract. In the second pilot project, the VPR did not significantly affect the evaluation process, and selection of the winning bidder was determined by the lowest bid price.</p> <p>Subsequently, Metrolinx conducted a lessons learned review of the pilot projects. The review found that processes and procedures put in place for the pilot tenders were generally effective and no major issues were encountered during the tender and award cycle for the pilot projects. Based on the lessons learned review, documentation and training updates have been prepared by Metrolinx and issued to its staff.</p>
<p>Recommendation 3</p> <p>Metrolinx should:</p> <ul style="list-style-type: none"> provide the Committee with a summary of the number of safety breaches found in its audits of contractors at construction sites over the past year. <p>Status: Fully implemented.</p>	<p>On August 30, 2018, Metrolinx provided the Committee with a summary of the number of safety breaches found in its audits of contractors at construction sites between June 2017 and June 2018.</p> <p>Over this time period, Metrolinx completed a total of 629 audits of contractors at construction sites on 23 critical capital projects identifying a total of 1,250 safety breaches that contractors were ordered to address.</p>
<p>Recommendation 4</p> <p>Metrolinx should:</p> <ul style="list-style-type: none"> provide an update on its Contract Management training initiatives, <p>Status: Fully implemented.</p> <ul style="list-style-type: none"> including its development of a standard approach for the inclusion of liquidated damages (LDs) in its construction contracts. <p>Status: Fully implemented.</p>	<p>On August 30, 2018, Metrolinx reported to the Committee that it conducted a two-day contract-management pilot training session in May 2018. Based on the success of this pilot, training started in July 2018, which included foundational training provided by a third-party vendor and procedure refresher training conducted by Metrolinx staff.</p> <p>On August 30, 2018, Metrolinx reported to the Committee that requirements for liquidated damages (LDs) for specific conditions have been included in Metrolinx's construction contracts. Metrolinx also reported that discussion of LDs is also required in the pre-posting Tender Review Committee meeting, which provides an opportunity to discuss the application of LDs before issuance of the tender.</p>

Committee Recommendation	Status Details
<p>Recommendation 5</p> <p>Metrolinx should provide the Committee with:</p> <ul style="list-style-type: none"> a list of projects completed over the past year and the corresponding length of time needed to fix outstanding deficiencies in each project; and Status: Fully implemented. where projects did not meet the industry standard of two months to fix all deficiencies, provide a reason why this was not done. Status: Fully implemented. 	<p>On August 30, 2018, Metrolinx provided the Committee with a list of 12 projects completed between August 2017 and July 2018 and the corresponding length of time needed to fix outstanding deficiencies in each project.</p> <p>For six out of the 12 completed projects, where the industry standard of two months to fix all deficiencies was not met, Metrolinx provided the Committee with a reason and an explanation as to why it took longer to fix all the deficiencies. In most cases, the outstanding deficiencies related to asphalt and landscaping work, which could not be completed due to cold winter weather.</p>
<p>Recommendation 6</p> <p>Metrolinx should:</p> <ul style="list-style-type: none"> provide the Committee with an update on its Contract Completion and Close-Out procedure and its Substantial Completion procedure, and Status: Fully implemented. explain how these procedures have assisted Metrolinx in closing out projects within the industry standard of two months. Status: Fully implemented. 	<p>On August 30, 2018, Metrolinx provided the Committee with an update on its Contract Completion and Close-Out procedure and its Substantial Completion procedure.</p> <p>Metrolinx informed the Committee that it was in the process of implementing a new suite of procedures and processes in conjunction with associated IT systems to improve contract management across its capital program. Specifically, the Contract Completion and Close-out Procedure was approved in December 2016 and the Substantial Completion procedure was approved in April 2017.</p> <p>Subsequently, during this audit, on June 30, 2019, Metrolinx informed us that its Completion and Close-Out procedure and its Substantial Completion procedure were updated and implemented in February 2019.</p> <p>Metrolinx explained to the Committee that the Substantial Completion procedure prescribes a requirement to initiate a Deficiency List, which must be maintained until all deficiencies are addressed at which point the Contract Completion and Close-Out process can be initiated in accordance with the related procedure. These two procedures, along with a third related to Claims and Dispute Resolution, establish a standard and consistent approach in management of contracts at the final stages of the contracted work, including the period between Substantial Performance and Contract Completion, to ensure that relevant handover protocols are satisfied in accordance with contract requirements.</p>

Committee Recommendation	Status Details
<p>Recommendation 7</p> <p>Metrolinx should:</p> <ul style="list-style-type: none"> provide the Committee with the results of its procurement team’s analysis of what type of mechanism or clause will be implemented in contracts to ensure that a substantial scope of work is not subcontracted. <p>Status: Fully implemented.</p>	<p>On August 30, 2018, Metrolinx provided the Committee with the results of its procurement team’s analysis of what type of mechanism or clause will be implemented in contracts to ensure that a substantial scope of work is not subcontracted.</p> <p>Metrolinx informed the Committee that its procurement team analysis resulted in a recommendation that General Contractors be allowed to outsource 90% of their work. This means that a minimum 10% of the work must be performed by the General Contractor.</p> <p>Metrolinx informed the Committee that it was discussing the 10% threshold with the Ontario Road Builders Association and the Ontario General Contractors Association in order to obtain industry-specific feedback on this recommendation. Metrolinx also told the Committee that the results of these discussions will lead to the introduction of new minimum requirements clauses in its construction tender templates in September 2018.</p> <p>Subsequently, as part of this audit, Metrolinx informed us that as of June 30, 2019, the 10% minimum requirement clause has not been implemented. Metrolinx told us that it has completed multiple rounds of engagement with two key vendor associations, the Ontario Road Builders’ Association and the Ontario General Contractors Association, seeking to understand potential supply chain impacts from implementing new restrictions on the use of subcontractors in keeping with its recommendation.</p> <p>Based on this feedback, Metrolinx continues to advance its policy development through dialogue with industry. Once a solution is found that is both acceptable to management and unlikely to negatively impact Metrolinx’s ability to secure services from the market affordably and effectively, it will be implemented in Construction Tender template documentation. Metrolinx set a target of August 2019 to have this matter resolved.</p>
<p>Recommendation 8</p> <p>Metrolinx should:</p> <ul style="list-style-type: none"> provide the Committee with its evaluation of the benefits of implementing a pre-screening process for large subcontractors. <p>Status: Fully implemented.</p>	<p>On August 30, 2018, Metrolinx informed the Committee that from June 2018 to July 2018 it conducted an evaluation of the benefits of implementing a pre-screening process for large subcontractors.</p> <p>From the evaluation, Metrolinx found that industry best practice and industry standard construction contract documents make the selection and performance of sub-trades the responsibility of General Contractors. The General Contractors are best able to manage the risk of selecting which sub-trades they want to work with to deliver a successful project. The General Contractor is the single point of contact for Metrolinx to work with to achieve project success. Pre-screening sub-trades would transfer risk to Metrolinx and this would negate any potential benefits. Only in very limited and highly specialized circumstances will Metrolinx require General Contractors to work with pre-qualified sub-trades selected by Metrolinx, for example track and signals maintenance contractors for railway corridors.</p>

Committee Recommendation	Status Details
<p>Recommendation 9</p> <p>Metrolinx should:</p> <ul style="list-style-type: none"> provide an update to the Committee on its efforts in negotiating with Canadian Pacific Railway (CP) to incorporate the allowance of audits of CP invoices. <p>Status: Fully implemented.</p>	<p>On August 30, 2018, Metrolinx provided the Committee with an update on its efforts in negotiating with Canadian Pacific Railway (CP) to incorporate the allowance of audits of CP invoices.</p> <p>Since 2016, Metrolinx has been incorporating an audit clause in its new agreements with CP. The audit clause allows Metrolinx to audit CP invoices during the term of the agreement, and for a period of five years thereafter. Metrolinx informed the Committee that it added the clause to two new construction agreements with CP. This includes the Mount Dennis agreement executed on August 1, 2017, and the Cooksville agreement executed on April 3, 2018.</p>
<p>Recommendation 10</p> <p>Metrolinx should:</p> <ul style="list-style-type: none"> provide the Committee with an update on its review and renegotiation of the Master Construction Agreement with Canadian National Railway (CN). <p>Status: Fully implemented.</p>	<p>On August 30, 2018, Metrolinx provided the Committee with an update on its review and renegotiation of the Master Construction Agreement (MCA) with Canadian National Railway (CN).</p> <p>On May 22, 2018, CN agreed with Metrolinx that there was a need to amend the existing MCA, and Metrolinx established a working group to review any necessary adjustments. The current approach is to amend the existing MCA, targeting critical items to better reflect the current state of the relationship, as well as current practices for the execution of agreed infrastructure work on CN owned territories.</p> <p>As of June 30, 2019, Metrolinx continues active negotiations with CN at the executive level, with an estimated completion date by the end of 2019. Further, at the project and program level, Metrolinx has restarted monthly commercial meetings with CN to provide a regular forum to resolve project and program level interactions.</p>
<p>Recommendation 11</p> <p>Metrolinx should:</p> <ul style="list-style-type: none"> provide the Committee with an update on the results of third-party reviews conducted on CN and CP projects. <p>Status: Fully implemented.</p>	<p>On August 30, 2018, Metrolinx provided the Committee with an update on the results of third-party reviews carried out from January 2017 to August 2018 on CN and CP projects.</p> <p>The reviews confirmed that in general, work conducted by CN and CP was performed as per scope and quote. Where exceptions were found, Metrolinx informed the Committee that it received a credit from CN and CP for work that was not completed.</p>
<p>Recommendation 12</p> <p>Metrolinx should:</p> <ul style="list-style-type: none"> provide to the Committee, after negotiations with CN and CP have been completed, its yearly operating cost resulting from the 20% of the lines that it operates on CN and CP lines. <p>Status: Fully implemented.</p>	<p>On August 30, 2018, Metrolinx reported to the Committee that it was still in active negotiations with CN and CP and, because of that, it was not able to provide the Committee with its yearly operating cost resulting from the 20% of the lines that it operates on CN and CP lines.</p> <p>Metrolinx explained to the Committee that making this information public would reveal confidential information about its negotiating plans and strategies, which would jeopardize its negotiating position and economic interests.</p> <p>On June 19, 2019, Metrolinx sent a letter to the Committee. In this letter, Metrolinx provided its yearly operating costs resulting from the 20% of the lines that it operates on CN and CP lines for fiscal year 2017/18 and for fiscal year 2018/19.</p>

Chapter 3

Section 3.04

Public Accounts of the Province

Standing Committee on Public Accounts Follow-Up on Chapter 2, 2017 Annual Report

On February 28, 2018, 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 2017 Annual Report. The Committee tabled a report in the Legislature resulting from this hearing in May 2018. A link to the full report can be found at www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html.

The Committee made two recommendations and asked the Treasury Board Secretariat (Secretariat) to report back by the end of September 2018. See **Figure 1** for the status of the Committee's recommendations. A dissenting opinion by the members of the Progressive Conservative Party was included as an Appendix to the report.

We conducted assurance work between April 1, 2019, and October 4, 2019, and obtained written representation from the Secretariat that,

effective November 7, 2019, they had provided a complete status update of the recommendations made by the Committee.

Overall Conclusion

As of October 4, 2019, 100% of the Committee's recommendations have been implemented.

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 1: Summary Status of Actions Recommended in May 2018 Committee Report

Prepared by the Office of the Auditor General of Ontario

	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	1	1				
Recommendation 2	1	1				
Total	2	2	0	0	0	0
%	100	100	0	0	0	0

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>Recommendation 1</p> <p>The Standing Committee on Public Accounts recommends that Government accounting practices, and those of its agencies, that affect the consolidated financial statements of the Province, must be carried out in accordance with Canadian Public Sector Accounting Standards.</p> <p>Status: Fully implemented.</p>	<p>In fiscal 2016/17, the province received a qualified opinion from the Office of the Auditor General of Ontario (OAGO) on its consolidated financial statements. The province's consolidated financial statements for the year ended March 31, 2017, were fairly presented except for the following two items:</p> <ul style="list-style-type: none"> • The government overstated the net pension asset relating to the Ontario Teachers' Pension Plan (OTPP) and the Ontario Public Service Employees' Union Pension Plan (OPSEUPP). • The government inappropriately recognized and consolidated the market account assets and liabilities relating to transactions between power generators and distributors managed by the Independent Electricity System Operator (IESO). <p>In addition, the province inappropriately recognized rate-regulated assets in its consolidated financial statements, which is not permitted when applying Canadian Public Sector Accounting Standards (PSAS) to government financial statements. This departure did not result in a qualification, as the amounts did not yet have a material impact on the consolidated financial statements.</p> <p>In fiscal 2017/18, the current government made appropriate changes to the Province's consolidated financial statements in two key areas to comply with PSAS as follows:</p> <ul style="list-style-type: none"> • It recorded a full valuation allowance on the net pension assets relating to the Ontario Teachers' Pension Plan and the Ontario Public Service Employees' Union Pension Plan to reflect that it had no legal authority to draw on the assets as at March 31, 2018. • It excluded the Independent Electricity System Operator (IESO) market accounts from the province's consolidated financial position in 2017/18 and restated the comparative 2016/17 balances. • It reversed the inappropriate use of rate-regulated accounting in connection with certain balances recorded by the IESO in connection with Ontario's electricity rate reduction. <p>As a result, the province received an unqualified or "clean" opinion from the Auditor General on its consolidated financial statements for the year ended March 31, 2018.</p> <p>In addition, in 2018 the IESO appointed the OAGO as the attest auditor for its financial statements for the year ended December 31, 2018. During the audit, the IESO retroactively restated its 2017 financial statements to remove the market accounts and to reverse the use of rate-regulated accounting. Essentially, the IESO's accounting policies for these items reverted to what they were in its audited financial statements for the year ended December 31, 2015. As a result, the OAGO issued an unqualified opinion on the IESO's financial statements for the year ended December 31, 2018.</p>

Committee Recommendation	Status Details
<p>Recommendation 2</p> <p>The Standing Committee on Public Accounts recommends that the Office of the Controller for the Province of Ontario should provide copies of all terms of reference to the Auditor General’s Office when they engage private sector firms for accounting advice or opinions.</p> <p>Status: Fully implemented.</p>	<p>In the 2016/17, 2017/18 and 2018/19 fiscal years, during the audit of the province’s consolidated financial statements, the OAGO requested that the Office of the Provincial Controller Division (Controller Division) provide copies of contracts relating to any expert advisors it uses for accounting advice and opinions. The Controller Division provided the OAGO with four contracts for experts it engaged for accounting advice in 2016/17, two contracts for 2017/18, and one additional contract for 2018/19. These expert advisors provided advice and guidance to supplement the Controller Division’s internal analysis of significant accounting issues.</p> <p>Furthermore, the Secretariat has agreed to request its external advisors—engaged to provide accounting advice and/or opinions relating to the OAGO’s audit of the public accounts—to notify the Office of the Auditor General of their engagement, as required under the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.</p>

Chapter 3

Section 3.05

Review of Government Advertising

Standing Committee on Public Accounts Follow-Up on Chapter 5, 2016 Annual Report

On November 15, 2017, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2016 review of government advertising. The Committee tabled a report on this hearing in the Legislature in May 2018. A link to the full report can be found at www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html.

The Committee did not reach a consensus and its report contained no recommendations, although members of the Progressive Conservative Party prepared a dissenting opinion that was included as an Appendix to the report.

The dissenting opinion said the Committee should have recommended that the government “restore the Auditor General’s oversight of government advertising” to what it was before a series of amendments to the *Government Advertising Act*, 2004, in 2015. The dissenting opinion also said the Committee should have recommended giving the Auditor General “the authority to review and disallow partisan government advertising for all digital and electronic mediums, including social media,” and extend the Auditor General’s authority to cover advertising by “Crown corporations and agencies.”

Our Office reviews government advertising as mandated by the Act, which requires our Office to review most government advertising before it is used to ensure that it is not partisan and meets

other prescribed criteria. Each year, the Auditor General is required to report on matters considered appropriate relating to her powers and duties under the Act. As well, under the *Auditor General Act*, expenditures for advertisements reviewed under the GAA each fiscal year must be included in the Office’s annual report.

Significant changes made to the GAA in June 2015 weakened it by removing our Office’s discretionary authority to determine partisanship and requiring us instead to apply a specific and narrow definition of partisanship. As a result, our credibility as an independent Office of the Legislature is at risk of being negatively impacted because under the current legislation, we must approve advertisements that we believe have the primary purpose of promoting the government’s partisan interests, or giving the government credit for its accomplishments.

In the fiscal year ending March 31, 2016 (the first year under the weakened GAA), the government spent \$49.9 million on advertising, compared to \$30 million the previous year. That year, our Office approved advertising campaigns in the areas of pensions, the environment, infrastructure, health and education that we would not have if our review was taking place under the previous version of the GAA.

Follow-Up on Audit Recommendations from 2012 to 2018

1.0 Summary

All of our value-for-money audit reports include specific recommended actions that aim to promote accountability, transparency, increased efficiency and cost-effectiveness and better services for Ontarians.

In order to ensure these goals are accomplished, an important part of our Office's work is to follow up on our past audits to assess the progress made on our recommended actions, with an emphasis on having them fully implemented.

Two years after we publish audit reports, we follow up on the implementation status of 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-up work on recommendations in our *2017 Annual Report*). After the two-year follow-up is completed, as part of our expanded effort to track the status of our past recommendations and support increased implementation efforts, we continue to follow up on these recommendations.

This year, we again returned to our annual reports of 2012, 2013, 2014, 2015, and we added the *2016 Annual Report*, to effectively, "follow up on the follow-ups." In **Section 4.0**, we also report on the implementation status of recommendations made by the Standing Committee on Public Accounts (Committee).

Between 2012 and 2016, we audited a total of 69 ministries, Crown agencies and broader-public-sector organizations, and recommended 1,306 actions overall. This represents a 45% increase in total actions over what we followed up on in our 2018 expanded follow-up work, which included 898 actions. From this year's review of the status of those recommended actions, we noted the following:

- **Organizations overstated their progress in implementing recommended actions.** We found that of the 260 value-for-money and Committee-recommended actions that organizations self-assessed as "fully implemented" this year, our review work confirmed that only 36%, or 93, of these recommended actions were actually fully implemented. This resulted in a significant use of time and resources by both our Office as well as the organizations.
- **The implementation rate of the recommended actions we followed up on last year has increased slightly.** The implementation rate for the recommended actions that we followed up on in 2018 (from our *2012 to 2015 Annual Reports*) has increased slightly from 59% last year to 63%. Of the 54 (53 in 2018) organizations included in our review last year, 18 have now fully implemented 75% or more of our recommendations, which is an increase from 13 noted last year. Organizations making improvements this year include Metrolinx, Infrastructure Ontario and the

Ontario Energy Board. The implementation rate of the over 400 recommended actions from our *2016 Annual Report* included in our expanded follow-up work for the first time this year was 41%—a slight increase from the 36% that we reported in our *2018 Annual Report*, when we followed up on these actions two years after issuing them.

- **The implementation rate of ministries, Crown agencies and broader-public-sector organizations from the time of our two-year follow-up audit has continued to trend upward.** It rose from 20% to 70% for recommended actions issued in 2012; from 29% to 59% for recommended actions issued in 2013; from 40% to 70% for recommended actions issued in 2014; from 36% to 54% for recommended actions issued in 2015; and from 36% to 41% for recommended actions issued in 2016.
- **Implementation continues to lag for short-term recommendations.** We consider recommended actions as short-term if they could reasonably be implemented within two years. This year we continue to note a lower-than-expected implementation rate for recommended actions considered to be short-term. The following short-term recommended actions remain outstanding: 25% of the ones made in 2012 (seven years ago); 29% of the ones from 2013 (six years ago); 22% from 2014 (five years ago); 41% from 2015 (four years ago); and 52% from 2016 (three years ago). By now, we would have expected all of these recommended actions to be implemented.
- **Recommended actions addressing public reporting have the lowest implementation rates.** From a review of all recommended actions issued from 2012 to 2016, we noted that those addressing public reporting have the lowest implementation rate. Other areas with low implementation

rates include economy/funding or costs, and access to care/services.

- **Some organizations are slow to implement our recommended actions.** We noted that several of the organizations we audited were slow in implementing our recommendations, as follows:
 - The Ministry of Labour, Training and Skills Development (formerly the Ministry of Training, Colleges and Universities) was responsible for implementing 36 recommended actions from our audit of Employment Ontario conducted in 2016. Currently, 75%, or 27 of these recommended actions, remain outstanding.
 - The Ministry of Health (formerly the Ministry of Health and Long-Term Care) was responsible for implementing 253 recommended actions from 16 different audit reports that were included in our annual reports from 2012 to 2016. Currently, 67% of these recommended actions remain outstanding. Some of the Ministry programs still having a significant number of outstanding recommended actions include the Immunization program audited in 2014, Housing and Supportive Services for People with Mental Health Issues from 2016, and Specialty Psychiatric Hospital Services (excluding the recommended actions relating to the specific hospitals involved), audited in 2016.
 - The Ministry of the Environment, Conservation and Parks was responsible for implementing 86 recommended actions from five audit reports over the years from 2012 to 2016. Currently 60%, or 52, remain outstanding from four of the reports, the majority of which are related to two reports from 2016, Environmental Approvals and Environmental Assessments.
 - E-Health Ontario was responsible for implementing 15 recommended actions

- from a report issued in 2015, of which 60%, or nine actions, remain outstanding.
- The Ministry of Children, Community and Social Services was responsible for implementing 115 recommended actions from seven different audit reports, of which 54% of the actions, or 62, remain outstanding. Two of the Ministry programs that still have a significant number of outstanding recommended actions are the Youth Justice program that we audited in 2012 and the Child Protection program, audited in 2015.
 - **Some organizations were also slow to implement the recommendations issued by the Standing Committee on Public Accounts (Committee).** We noted that for some of the organizations audited, there was slow progress toward implementing the Committee's recommendations, as follows:
 - The Ministry of Labour, Training and Skills Development was responsible for implementing a total of 25 recommended actions from the Committee's 2017 report on our audit of Employment Ontario, of which 84% of the actions remain outstanding.
 - The Ministry of Economic Development, Job Creation and Trade was responsible for implementing nine recommended actions from the Committee's 2017 report on our audit of University Intellectual Property. Seventy-eight percent of the actions remain outstanding.
 - The Ministry of Health was responsible for implementing a total of 84 actions from five reports, of which two-thirds of the recommended actions remain outstanding.

2.0 How We Evaluated Implementation

We recommended a total of 1,306 actions in our *2012 to 2016 Annual Reports*. Based on our review this year, we agreed with the organizations that 55 of the actions were “no longer applicable,” mainly due to changes in legislation or policies resulting in the organization no longer having responsibility to implement the recommended action. This left a total of 1,251 recommended actions.

For the remaining recommended actions, we obtained self-assessments from the organizations of their progress in implementing them as of March 31, 2019, along with supporting documentation.

Our review work consisted of inquiries and reviews of the supporting documentation for those recommended actions reported to be fully implemented to gain assurance that each recommended action was in fact fully implemented. In certain cases, we also conducted further sample testing to determine the status.

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, 2019, and September 30, 2019, and obtained written representation from the organizations on October 31, 2019, that they provided us with a complete update of the status of the recommendations we made in the original audits.

In 2019, the government expanded the number of ministries from 21 to 24. 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 Observations for the Follow-up on Value-for-Money Audit Recommendations

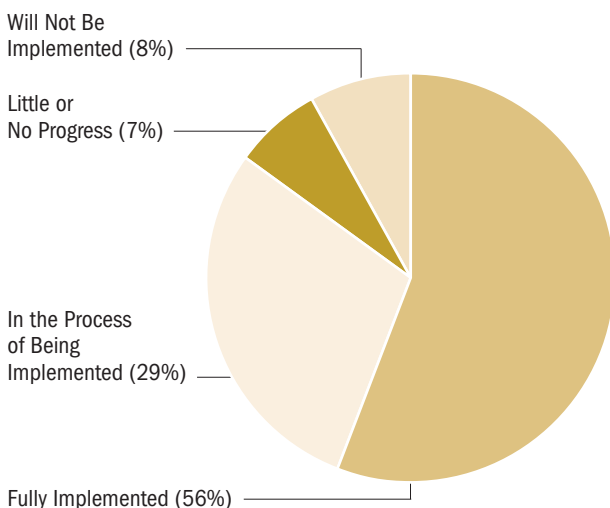
3.1 Small Improvement Noted in the Implementation Rate of Recommendations Followed Up on Last Year

Of the total 1,251 recommended actions that we expected to be implemented from our 2012 to 2016 Annual Reports, we found that 56% had been fully implemented, as shown in **Figure 1**. For the remaining recommended actions, 29% were in the process of being implemented, a further 7% had little or no progress made on them, and for 8% the organizations determined that the recommendations would not be implemented (as discussed in **Section 3.7**).

Last year, in our 2018 Annual Report, we reported that the implementation rate of the total 869 recommended actions that we expected to be implemented from our 2012, 2013, 2014 and 2015 Annual

Figure 1: Implementation Status of Recommended Actions Issued in Our 2012 to 2016 Annual Reports, as of March 31, 2019

Prepared by the Office of the Auditor General of Ontario



Reports was 59%. In 2019, 63% of these recommended actions have now been fully implemented.

For the first time this year, over 400 recommended actions from our 2016 Annual Report were included in our expanded follow-up work. Currently, 41% of the recommended actions have been fully implemented, a slight increase from the 36% that we reported in our 2018 Annual Report when we followed up on these actions two years after issuing them.

Our review this year noted some improvements in the implementation rates for certain organizations we initially audited from 2012 to 2015 when we compared our current year's results to last year's results, as shown in **Appendix 1**. Of the 54 organizations (53 in 2018) with recommended actions issued in our 2012 to 2015 Annual Reports, 18 had now fully implemented 75% or more of our recommendations, which is an increase from 13 organizations noted last year. Organizations making improvements in implementing our recommended actions this year include Metrolinx, Infrastructure Ontario and the Ontario Energy Board.

Figure 2 provides a detailed breakdown by year of the status of recommended actions issued in our 2012, 2013, 2014, 2015 and 2016 Annual Reports.

The progress of implementing the recommended actions in each of the 2012, 2013, 2014, 2015 and 2016 Annual Reports can be seen in **Figure 3**, beginning at the initial two-year follow-up and in 2017, 2018 and 2019, after we began tracking the implementation rates subsequent to the initial follow-up. The implementation rate of ministries, Crown agencies and broader-public-sector organizations from the time of our two-year follow-up audit has continued to trend upward: from 20% to 70% for recommended actions issued in 2012; from 29% to 59% for recommended actions issued in 2013; from 40% to 70% for recommended actions issued in 2014; from 36% to 54% for recommended actions issued in 2015; and from 36% to 41% for recommended actions issued in 2016.

Figure 2: Implementation Status of Recommended Actions Issued in Our 2012 to 2016 Annual Reports, as of March 31, 2019

Prepared by the Office of the Auditor General of Ontario

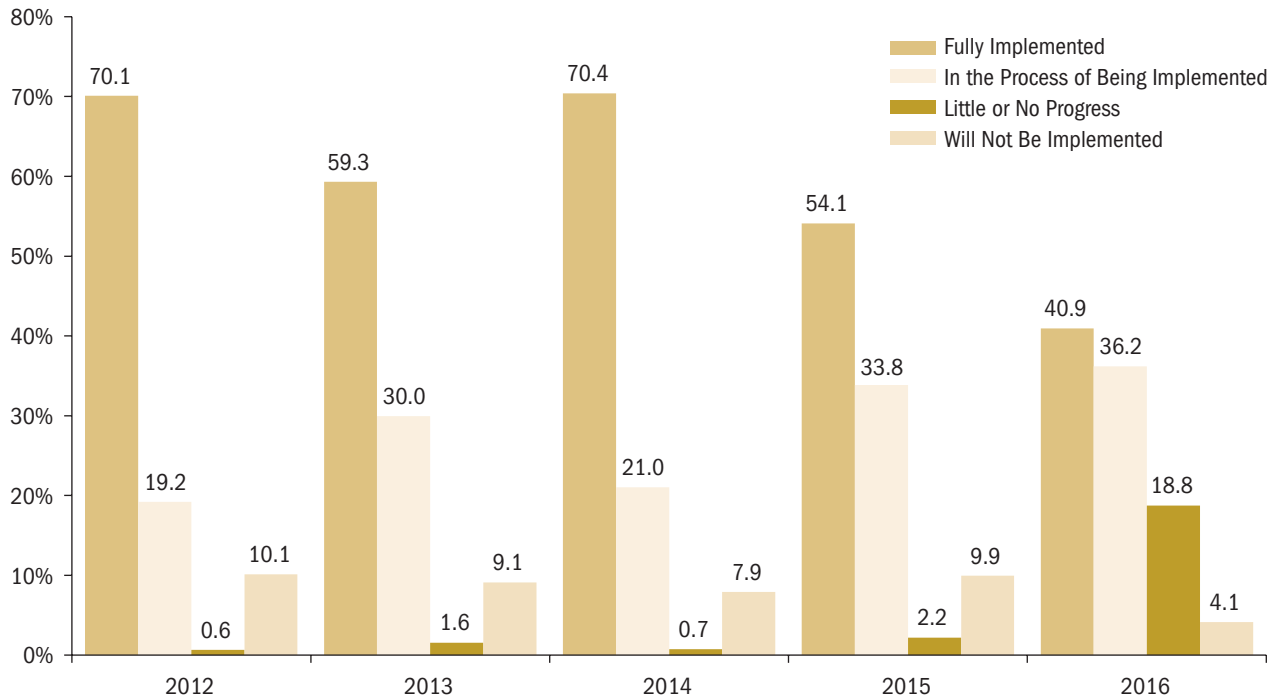


Figure 3: Progress of Recommended Actions Issued in Our 2012 to 2016 Annual Reports toward Full Implementation

Prepared by the Office of the Auditor General of Ontario

Annual Report Year	# Issued	Implementation Rate (%)			
		At Two-Year Follow-Up	2017 Continuous Follow-Up	2018 Continuous Follow-Up	2019 Continuous Follow-Up
2012	170	20	51	62	70
2013	158	29	48	57	59
2014	294	40	48	66	70
2015	380	36	n/a*	52	54
2016	419	36	n/a*	n/a*	41

* The recommended actions issued in our 2015 and 2016 Annual Reports were not subject to the expanded follow-up work for the noted year(s).

3.2 Positive Impacts on Ontarians Resulting from Implemented Recommendations

Many of the recommended actions in our value-for-money audit reports from 2012 to 2016

that have been fully implemented identified areas where services can be better delivered, making them more effective or user-friendly for the recipient of the services, or where money can be spent more economically or efficiently, maximizing value for taxpayer dollars.

Some examples of implemented actions include:

- The psychiatric hospitals implemented improved programs and activities to help patient treatment and also encourage patients to participate in these programs and activities.
- The Ministry of Education now identifies high-risk licensed daycare operators and inspects them more often so that children in Ontario receive services in a healthy and safe environment.
- The Ministry of Environment, Conservation and Parks implemented a clear progressive penalty policy and a process to deal with repeat emission offenders that do not comply with emission requirements, which will improve air quality for Ontarians.
- ServiceOntario now collects client service data and reports on peak-hour wait times both at the in-person service centres it runs and at those run by private operators in order to improve customer service.
- The Ministry of Energy, Northern Development and Mines applies a risk-based process to regularly monitor and inspect previously inspected abandoned mines to confirm that the conditions at the sites still do not pose a risk to the health of Ontarians or the environment.

3.3 Recommendations Addressing Areas of Importance to Ontarians Have Not Been Implemented

We remain concerned about the approximately one-third of the recommended actions issued five or more years ago that have still not been implemented. This represents 30% of the 170 recommended actions issued in 2012; 41% of the 158 recommended actions issued in 2013; and 30% of the 294 recommended actions issued in 2014.

Many of the recommended actions not yet implemented from our *2012 to 2016 Annual Reports* address areas important to Ontarians, such as social

services, health care and the protection of children. Some examples of recommended actions relating to these areas are noted in the following audit reports:

- Violence Against Women (2013) recommended that the Ministry review the feasibility of implementing a system to determine whether women who are referred elsewhere by an agency due to capacity issues actually receive the needed services.
- Child Protection Services—Children’s Aid Societies (2015) required Children’s Aid Societies to ensure that all legislative, regulatory and program requirements in conducting child protection history checks were completed on all individuals involved with the child when child protection concerns were reported.
- Specialty Psychiatric Hospital Services (2016) recommended that the Ministry determine the number of long-term psychiatric beds needed in each region of the province to meet the mental health needs of Ontarians.

3.4 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 recommended actions from our *2012 to 2016 Annual Reports* and the percentage that were still outstanding in 2017, 2018 and 2019.

While the percentage of outstanding short-term recommended actions has decreased from a year ago, 25% of the 60 recommended actions issued in 2012, 29% of the 74 issued in 2013, 22% of the 215 issued in 2014, 41% of the 201 issued in 2015, and 52% of the 303 issued in 2016 were still outstanding. By now, we would have expected all of the

Figure 4: Short-Term¹ Recommended Actions Outstanding

Prepared by the Office of the Auditor General of Ontario

Annual Report Year	# Issued	% Outstanding in 2017	% Outstanding in 2018	% Outstanding in 2019
2012	60	47	36	25
2013	74	38	31	29
2014	215	39	25	22
2015	201	n/a ²	44	41
2016	303	n/a ²	n/a ²	52

1. Short-term recommended actions are those that can be reasonably implemented within two years.

2. The recommended actions issued in our 2015 and 2016 Annual Reports were not subject to the expanded follow-up work for the noted year(s).

short-term recommended actions from our 2012 to 2016 Annual Reports to be implemented.

3.5 Some Organizations Report Low Implementation Rates

Figure 5 shows the implementation rates for the 69 ministries, Crown agencies and broader-public-sector organizations that we audited from 2012 to 2016. Of these organizations, 45 had fully implemented fewer than 75% of our recommended actions, and of these, five had implemented fewer than 25%.

In a few cases, recommended actions remained outstanding due to Ministry changes in the programs' policy directions and long-term strategies, or due to system transformations resulting in new organizations being developed or changing roles and responsibilities. Where final program policy or changes had not yet been finalized, some ministries' programs did not have sufficient information to progress toward implementation of the outstanding recommended actions or to know whether the recommended actions would be implemented at all. Some examples of programs that were affected include the following:

- CCACs—Community Care Access Centres—Home Care Program (2015), now the responsibility of the Local Health Integration Networks, where the Ministry was undergoing significant changes as part of the

government's broader health system transformation, including the formation of a new Ontario Health agency, which would impact this program.

- Autism Services and Supports for Children (2013), where changes were proposed to the program's direction but they had not yet been finalized.
- Housing and Supportive Services for People with Mental Health Issues (Community Based) (2016), where the Ministry was waiting for final approval of a mental health and addictions multi-year strategy that will include supportive housing.

The majority of the outstanding recommended actions in the rest of our audit reports were not subject to these changes, and for some organizations, implementation was proceeding slowly, most notably in the following organizations with low implementation rates:




Ministry of Labour, Training and Skills Development

The Ministry of Labour, Training and Skills Development was responsible for implementing 36 recommended actions from one audit report, Employment Ontario, conducted in 2016. Currently, 75%, or 27, of these recommended actions remain outstanding.

Figure 5: Percentage of Recommended Actions Issued in Our 2012 to 2016 Annual Reports Fully Implemented, as of March 2019




Prepared by the Office of the Auditor General of Ontario

Figure 5a: Organizations with More than 30 Recommended Actions	Implementation Rate (%)
Psychiatric Hospitals (4) ¹	94
Treasury Board Secretariat	80
Hospitals (7) ²	76
Metrolinx	73
Ministry of Economic Development, Job Creation and Trade	72
Ministry of Energy, Northern Development and Mines	71
Ministry of Government and Consumer Services	68
Ministry of Education	67
Ministry of the Solicitor General ³	62
School Boards (6) ⁴	59
Local Health Integration Networks (4) ⁵	58
Child and Youth Mental Health Centres (4) ⁶	57
Universities (5) ⁷	57
Ministry of Long-Term Care ⁸	49
Ministry of Children, Community and Social Services	46
Ministry of Environment, Conservation and Parks	40
Children's Aid Societies (7) ⁹	35
Ministry of Health ⁸	33
Ministry of Labour, Training and Skills Development ¹⁰	25

	Implementation rate of 75% or more
	Implementation rate between 50% and 74%
	Implementation rate of less than 50%




1. Psychiatric Hospitals: Centre for Addiction and Mental Health, 100%; Ontario Shores Centre for Mental Health Sciences, 100%; The Royal Ottawa Health Group, 100%; Waypoint Centre for Mental Health Care; 79%.
2. Hospitals: Rouge Valley Health Partners (Lakeridge Health, 100% and Scarborough Hospital, 100%); Hamilton Health Sciences, 79%; Windsor Regional Hospital, 75%; Trillium Health Partners, 70%; Providence Healthcare, 64%; The Ottawa Hospital, 62%.
3. Previously referred to as the Ministry of Community Safety and Correctional Services.
4. School Boards: Algoma, 100%; Lakehead, 89%; York Catholic, 70%; Hamilton-Wentworth, 50%; Kawartha Pine Ridge, 38%; Trillium Lakelands, 10%.
5. The implementation rate for Local Health Integration Networks (LHINs) includes recommendations that originated with Community Care Access Centres, which are now part of the LHINs. The recommendations to LHINs were from the following four audit reports, with the following implementation rates:
 - Health Shared Services Ontario co-ordinated responses for the following reports:
 - Specialty Psychiatric Hospital Services: 14%
 - LHINs—Local Health Integration Networks: 56%
 - Community Care Access Centres—Home Care Program: 56%
 - Long-Term-Care Home Placement Process—individual responses received from:
 - Central East: Long-Term-Care Home Placement Process, 100%
 - North East: Long-Term-Care Home Placement Process, 100%
 - Waterloo Wellington: Long-Term-Care Home Placement Process, 100%
6. Child and Youth Mental Health Centres: Children's Centre Thunder Bay, 71%; Youthdale Treatment Centres, 71%; Kinark Child and Family Services, 57%; Vanier Children's Services, 29%.
7. Universities, by report:
 - University Undergraduate Teaching Quality: University of Ontario Institute of Technology, 75%; Brock University, 43%; University of Toronto, 33%
 - University Intellectual Property: McMaster University, 71%; University of Toronto, 61%; University of Waterloo, 50%
8. Previously part of the Ministry of Health and Long-Term Care.
9. 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%.
10. Previously part of the Ministry of Training, Colleges and Universities.

Figure 5b: Organizations with 11–30 Recommended Actions	Implementation Rate (%)
Ontario Power Generation	100
Infrastructure Ontario	93
Financial Services Regulatory Authority of Ontario ¹	88
Ministry of Finance	82
Supply Chain Ontario	75
Ontario Energy Board	64
Transportation Consortia (3) ²	59
Ministry of Transportation	50
E-Health Ontario	40

	Implementation rate of 75% or more
	Implementation rate between 50% and 74%
	Implementation rate of less than 50%

1. Previously referred to as Financial Services Commission of Ontario.
2. Implementation rates of individual broader-public-sector organizations:
 - Transportation Consortia: Sudbury Consortium, 100%; Peel Consortium, 44%; Toronto Consortium, 33%.

Figure 5c: Organizations with 1–10 Recommended Actions	Implementation Rate (%)
Independent Electricity System Operator	100
Ministry of Colleges and Universities*	100
Women's Issues	100
Ministry of the Attorney General	70
Cancer Care Ontario	67
Ontario Parole Board	67
Ministry of Natural Resources and Forestry	44
Ministry of Infrastructure	20
Ontario Association of Children's Aid Societies	0

	Implementation rate of 75% or more
	Implementation rate between 50% and 74%
	Implementation rate of less than 50%

- * Previously part of the Ministry of Training, Colleges and Universities.

Many of these recommended actions addressed areas such as effectiveness or cost-effectiveness, and economy, funding or costs. For example, one action recommended that the Ministry review instances where program outcomes did not meet targets and to take corrective actions.

Ministry of Health (formerly part of Ministry of Health and Long-Term Care)

We issued 253 recommended actions to the Ministry of Health in 16 audits between the years 2012 and 2016. Currently, 67%, or 170, of these recommended actions remain outstanding, including the following:

- Immunization—of the 25 recommended actions we issued in 2014, 76%, or 19, were

still outstanding. Many of these recommended actions addressed areas such as education and promotion as well as Ministry monitoring and oversight. For example, one action recommended that, for children in daycare, the Ministry review options for ensuring that parents who exempt their children from vaccinations for non-medical reasons are aware of the risks and benefits of being immunized, such as by requiring a signed statement from a physician.

- Palliative Care—of the 21 recommended actions we issued in 2014, 71%, or 15, remained outstanding. Many of the outstanding actions are related to the care provided to patients. For example, one recommended action required the Ministry to work with other service providers to develop innovative alternatives for providing nursing care to patients at home, while another action recommended that hospices increase their occupancy rates in order to serve more patients.
- Specialty Psychiatric Hospital Services—audited in 2016, still had 90%, or 18 actions, that we directed to the Ministry outstanding from a total of 20 (excluding the recommended actions relating to the specific hospitals involved). Many of these addressed areas such as access to care/services, effectiveness or cost-effectiveness and governance. One action recommended that the Ministry develop an overall strategy to reduce long wait times.

Ministry of Environment, Conservation and Parks

The Ministry of Environment, Conservation and Parks was responsible for implementing 86 recommended actions from five audit reports over the years from 2012 to 2016, of which 60%, or 52, still remain outstanding from four of the reports. The

majority of the outstanding actions are related to the following audit reports:

- Environmental Approvals—audited in 2016, has 73%, or 22 outstanding actions, from a total of 30 recommended. Many of these actions addressed areas such as effectiveness or cost-effectiveness, and monitoring and oversight. For example, one recommended action required the Ministry to gather and record data in its information system to support the identification of all high-risk emitters.
- Environmental Assessments—audited in 2016, has 81%, or 17 outstanding actions, from a total of 21 recommended. Many of these actions addressed areas such as effectiveness or cost-effectiveness, and governance. For example, one action recommended that the Ministry review and revise its criteria for determining whether to require a comprehensive environmental assessment, or if a streamlined version would suffice, to ensure the extent of information provided in the assessment is commensurate with the project's risk and potential impact.

E-Health Ontario

E-Health Ontario is responsible for implementing 15 recommended actions from a report issued in 2015, of which 60%, or nine, remain outstanding. Many of these recommended actions addressed areas such as effectiveness and cost-effectiveness.

As an example, one action recommended that E-Health Ontario work with the Ministry of Health to help identify what required information should be uploaded to the Labs System by health-care organizations and health-care professionals. Another action recommended that E-Health Ontario work with the Ministry of Health to require all currently operating independent health facilities to upload diagnostic images and reports to the repository.

Ministry of Children, Community and Social Services

We issued 115 recommended actions to the Ministry of Children, Community and Social Services from seven audits conducted in the years from 2012 to 2016. Currently, 54%, or 62, of the actions remain outstanding. The audits with the highest number of outstanding recommended actions are the Youth Justice Services Program in our *2012 Annual Report* with 74%, or 14 of 19, still outstanding, and the audit of Residential Services for People with Developmental Disabilities in our *2014 Annual Report*, with 44%, or 14 of 32, still outstanding.

Some of the outstanding recommended actions address access to and quality of care or services. For example, one recommended action from our Residential Services for People with Developmental Disabilities report recommended that the Ministry complete timely needs assessments for all eligible individuals waiting for residential services. As well, the Youth Justice Services Program report required the Ministry to expand the measure for recidivism to better enable the Ministry to assess which services, programs and delivery agencies seem to be the most successful over time.

Ministry of Long-Term Care (formerly part of Ministry of Health and Long-Term Care)

We conducted two audits within the Ministry of Long-Term Care between 2012 and 2016 and issued a total of 35 recommended actions of which 51%, or 18 actions, had not been implemented.

Most of the outstanding recommended actions relate to the Long-Term-Care Home Quality Inspection audit report, where 57% or 17 of the 30 recommended actions that we issued in 2015 remained outstanding. Many of these outstanding actions related to monitoring or oversight, and effectiveness or cost-effectiveness. For example, one recommended action was for the Ministry to regularly track and monitor follow-up inspections to ensure

they are conducted within the targeted time frame. Another was for the Ministry to identify performance indicators and establish reasonable targets for each, and to periodically review the targets to ensure they are appropriate.

3.6 Low Implementation Rates for Recommendations Relating to Public Reporting, Economy/Funding or Costs and Access to Care/Services

We categorized the recommended actions we issued between 2012 and 2016 by the areas they addressed, as shown in **Figure 6**.

The categories with the lowest implementation rates address public reporting, economy/funding or costs and access to care/services. The categories with the highest implementation rates are those dealing with communication, internal controls, human resources, information technology and compliance.

Based on these results, there continue to be opportunities for cost-savings and for improvements to service delivery and access to care and services to ensure that value for money is achieved.

3.7 Some Recommendations Will Not Be Implemented

Of the 1,251 total recommended actions that we issued in the years from 2012 to 2016 that we expected to be implemented, 95 (including 68 actions that were noted last year) will not be implemented by the relevant organizations.

The additional 27 recommended actions that organizations noted will not be implemented this year are listed in **Appendix 2**, along with the organizations' rationale as to why they will not be implemented. We continue to believe that these recommended actions should be implemented. Thirty-five percent of these actions recommended better enforcement, or addressed the effectiveness or cost-effectiveness of programs or services.

Figure 6: Implementation Rate by Category* of Actions Recommended in Our 2012 to 2016 Annual Reports, as of March 31, 2019

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) (%)
Communication	3	3	100
Internal Controls	30	26	87
Human Resources	18	13	72
Information Technology	49	35	71
Compliance	98	68	69
Monitoring and/or Oversight	176	118	67
Quality of Care or Services	63	41	65
Collect/Analyze Data	48	28	58
Efficiency	44	25	57
Education/Promotion	43	24	56
Effectiveness or Cost-Effectiveness	290	146	50
Governance	120	58	48
Enforcement	43	20	47
Access to Care/Services	69	32	46
Economy/Funding or Costs	135	61	45
Public Reporting	22	6	27

* Recommended actions have been assigned to a primary category, but more than one category may apply.

4.0 Detailed Observations for the Follow-Up on Recommendations Issued by the Standing Committee on Public Accounts from 2015 to Early 2018

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 organizations. The Committee issued 352 recommended actions from March 2015 to March 2018, which we initially followed up on in our *2015*, *2016*, *2017* and *2018 Annual Reports*. These recommended actions involved 29 ministries, Crown agencies and broader-public-sector organizations, which were

the subject of the 24 Committee reports listed in **Appendix 3**.

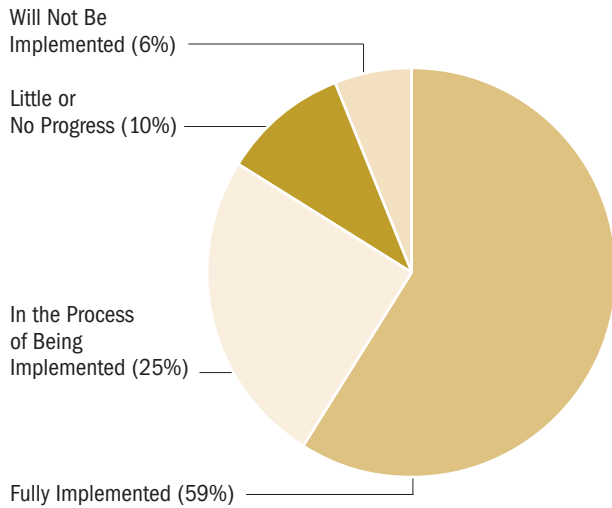
Based on our review this year, we agreed with the organizations that 10 of the actions were “no longer applicable,” mainly due to changes in legislation or policies resulting in the organization no longer having responsibility for the recommended action. This left a total of 342 recommended actions that we followed up on.

The organizations have fully implemented 59% of the recommended actions issued by the Committee that we expected to be implemented. Of the remaining actions, 25% are in the process of being implemented, a further 10% had little or no progress made on them, and for 6% the organizations determined that the recommendations would not be implemented (as discussed in **Section 4.4**).

Figure 7 provides the overall status of the recommended actions issued by the Committee

Figure 7: Implementation Status of Recommended Actions Issued by the Standing Committee on Public Accounts between March 2015 and March 2018, as of March 31, 2019

Prepared by the Office of the Auditor General of Ontario



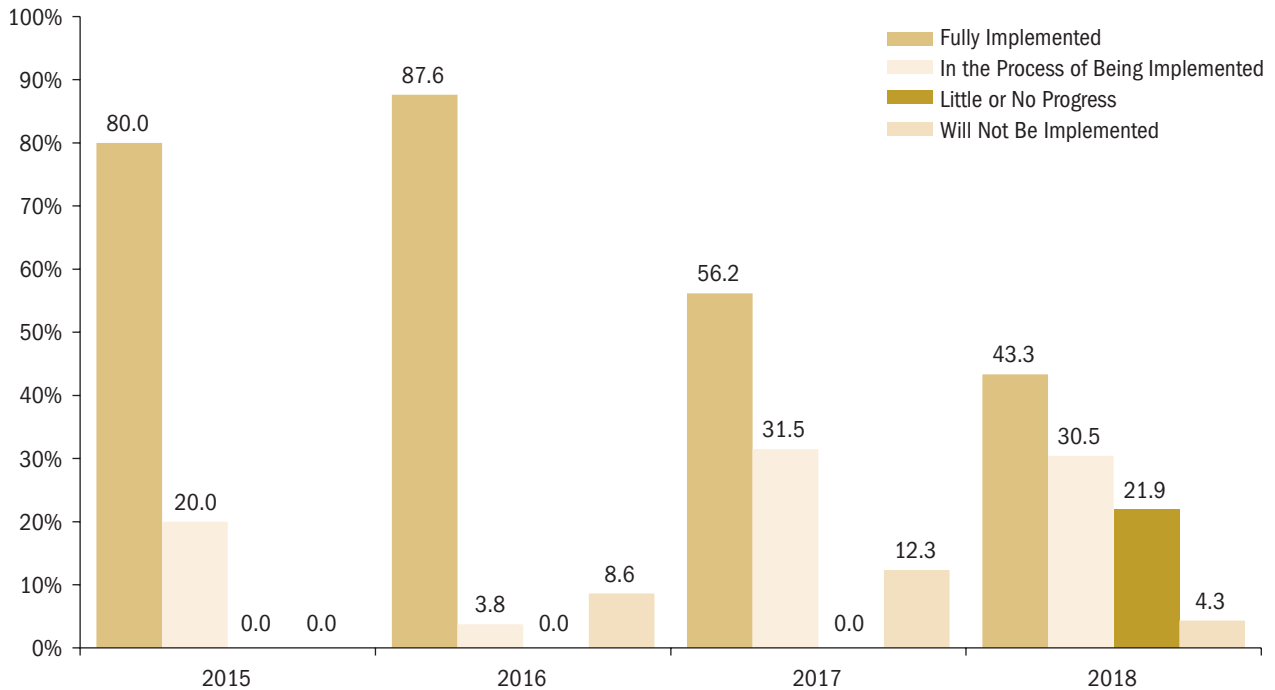
from March 2015 to March 2018. **Figure 8** provides a breakdown of the status of the recommended actions from March 2015 up to March 2018, by the year we initially followed up on them. The following implementation rates are noted by year: for 2015 the rate was 80%; for 2016, 88%; for 2017, 56%; and for 2018, 43%.

4.1 Small Improvement Noted in the Implementation Rate of Committee Recommendations Followed Up on Last Year

Last year, in our *2018 Annual Report*, we reported that the implementation rate of the total 180 recommended actions issued by the Committee from March 2015 to March 2017 that we expected to be implemented was 65%. In 2019, 73% of these recommended actions have been fully implemented. In addition, of the 162 recommended actions issued

Figure 8: Implementation Status of Recommended Actions Issued by the Standing Committee on Public Accounts, by Annual Report Year

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.

by the Committee from April 2017 to March 2018, included in our follow-up work for the first time this year, 43% have been fully implemented.

We also noted some improvements in the implementation rates for five of the organizations, followed up on last year, as shown in **Figure 9**. In addition, six organizations had fully implemented all of the Committee's recommendations, which includes two additional organizations this year—Women's Issues and Infrastructure Ontario.

4.2 Some Organizations Better than Others at Implementing Committee Recommendations

Figure 10 shows that of the 29 organizations that we followed up on this year that were the subject of the Committee's reports tabled between March 2015

and March 2018, 15 had fully implemented 75% or more of the Committee's recommended actions, which is an increase from nine in 2018.

Nine organizations had fully implemented all of the Committee's recommended actions: Ministry of Colleges and Universities (formerly the Ministry of Training, Colleges and Universities), Ministry of Infrastructure, Independent Electricity System Operator, Infrastructure Ontario, Ontario Power Generation, Women's Issues, Rouge Valley Health Partners (Lakeridge Health and Scarborough Hospital), and McMaster University.

4.3 Some Organizations Reported Low Implementation Rates

Some organizations have been slow to implement the recommended actions from the applicable audit

Figure 9: Increase in the Implementation Rate from 2018 to 2019 for the Recommended Actions Issued by the Standing Committee of Public Accounts between March 2015 and April 2017

Prepared by the Office of the Auditor General of Ontario

Organization	Implementation Rate, 2019 (%)	Implementation Rate, 2018 (%)	Increase Between 2018 and 2019 (%)
Women's Issues	100	0	100
Metrolinx	67	43	24
Infrastructure Ontario	100	80	20
Ministry of Health ¹	52	41	11
Ministry of Energy, Northern Development and Mines	81	78	3
Ministry of Colleges and Universities ²	100	100	0
Ministry of Infrastructure	100	100	0
Independent Electricity System Operator	100	100	0
Ontario Power Generation	100	100	0
Treasury Board Secretariat	92	92	0
Cancer Care Ontario	90	90	0
Financial Services Regulatory Authority of Ontario ³	87	87	0
Ministry of Children, Community and Social Services	55	55	0
Ministry of Education	47	47	0
Ministry of Government and Consumer Services	43	43	0
Local Health Integration Networks	40	40	0
Universities (3) ⁴	33	33	0

1. Previously part of the Ministry of Health and Long-Term Care.

2. Previously referred to as the Ministry of Training, Colleges and Universities.

3. Previously referred to as Financial Services Commission of Ontario.

4. Implementation rates of individual universities: University of Ontario Institute of Technology, 50%; University of Toronto, 25%; Brock University, 25%.

Figure 10: Percentage of Full Implementation of Recommended Actions Issued by the Standing Committee on Public Accounts between March 2015 and March 2018, as of March 31, 2019

Prepared by the Office of the Auditor General of Ontario

Organization	# of Recommended Actions (A)	# of Recommended Actions Fully Implemented (B)	Implementation Rate (B/A) (%)
Ministry of Colleges and Universities ¹	2	2	100
Ministry of Infrastructure	2	2	100
Independent Electricity System Operator	4	4	100
Infrastructure Ontario	10	10	100
Ontario Power Generation	17	17	100
Women's Issues	3	3	100
Cancer Care Ontario	10	9	90
Treasury Board Secretariat	19	17	89
Financial Services Regulatory Authority of Ontario ²	15	13	87
Hospitals (4) ³	63	52	83
Ministry of Energy, Northern Development and Mines	16	13	81
Ministry of Transportation	17	13	76
Metrolinx	21	14	67
Universities (5) ³	24	14	58
Ministry of Children, Community and Social Services	11	6	55
Ministry of Long-Term Care ⁴	25	12	48
Ministry of Education	15	7	47
Ministry of Government and Consumer Services	7	3	43
Local Health Integration Networks	5	2	40
Ministry of Health ⁴	84	28	33
Ministry of Economic Development, Job Creation and Trade	9	2	22
Ministry of Labour, Training and Skills Development ¹	25	4	16

	Implementation rate of 75% or more
	Implementation rate between 50% and 74%
	Implementation rate of less than 50%

1. Previously part of the Ministry of Training, Colleges and Universities.
2. Formerly referred to as the Financial Services Commission of Ontario.
3. Implementation rates of individual broader-public-sector entities:
 - Hospitals: Rouge Valley Health Partners (Lakeridge Health, 100% and Scarborough Hospital, 100%); Windsor Regional Hospital, 76%; Trillium Health Partners, 71%
 - Universities, by report:
 - University Undergraduate Teaching Quality: University of Ontario Institute of Technology, 50%; Brock University, 25%; University of Toronto, 25%
 - University Intellectual Property: University of Toronto, 100%; McMaster University, 100%; University of Waterloo, 50%
4. Previously part of the Ministry of Health and Long-Term Care.

reports. **Figure 10** shows that fourteen organizations had implemented fewer than 75% of the Committee's recommended actions, including two organizations that implemented fewer than 25%.

Specifically, the organizations having low implementation rates include the following:

- The Ministry of Labour, Training and Skills Development was responsible for implementing 25 Committee recommended actions

from one report it issued in 2017 on our audit of Employment Ontario. Currently, 84% of the 25 recommended actions remain outstanding. The required actions address areas such as effectiveness or cost-effectiveness, economy/funding or costs, and monitoring and/or oversight.

- The Ministry of Economic Development, Job Creation and Trade was responsible for implementing nine recommended actions from the Committee's 2017 report on our audit of University Intellectual Property. Seventy-eight percent of the actions remain outstanding.
- The Ministry of Health (formerly part of the Ministry of Health and Long-Term Care) was responsible for implementing a total of 84 Committee-recommended actions from five reports. Two-thirds of the recommended actions remained outstanding at the time of our follow-up. The Child and Youth Mental Health report issued by the Committee in 2017 has the highest number of recommended actions at 27, all of which remain outstanding. The required actions address areas such as effectiveness or cost-effectiveness and monitoring and oversight.

4.4 Some Committee Recommendations Will Not Be Implemented

Of the 342 recommended actions that the Committee issued, 21 (including 10 noted last year) will not be implemented. The additional 11 recommended actions that organizations noted will not be implemented this year are listed in **Appendix 4**, along with the organizations' rationale for not implementing them.

We continue to believe that these recommended actions should be implemented. Thirty-six percent of these actions require the organizations to assess the funding or costs of their programs.

5.0 Organizations Overstated Their Progress in Implementing Recommendations

Our expanded follow-up work is initially based on information provided by the organizations as a "self-assessment" of their progress in implementing the recommended actions from both the value-for-money reports and the Committee's reports, along with supporting documentation.

Organizations must assess the most appropriate status of implementation for the outstanding recommended actions, from one of the five implementation status categories noted below:

- fully implemented;
- in the process of being implemented;
- little or no progress;
- will not be implemented; or
- no longer applicable.

This year, organizations self-assessed a total of 260 value-for-money and Committee-recommended actions as "fully implemented." However, based on our review of relevant documentation and in certain cases, completion of sample testing, we confirmed that only 36%, or 93, of these 260 recommended actions were appropriately self-assessed as "fully implemented."

Our extensive review of supporting documentation and sample testing, where appropriate, to assess the recommended actions that were self-assessed as "fully implemented" resulted in a significant use of time and resources by our Office as well as the organizations. This highlights the need for organizations to complete a more objective and appropriate assessment of the implementation statuses of the outstanding recommended actions.

Appendix 1: Change in the Implementation Rate for Recommended Actions Issued in Our 2012–2015 Annual Reports, 2018 to 2019

Prepared by the Office of the Auditor General of Ontario

	As of 2019 (A) (%)	As of 2018 (B) (%)	Change (A–B) (%)
Organizations with More than 30 Recommended Actions			
Ministry of Energy, Northern Development and Mines	71	63	8
Ministry of Long-Term Care ¹	49	43	6
Universities (5) ²	57	52	5
Ministry of Health ¹	49	45	4
School Boards (6) ²	59	55	4
Ministry of Children, Community and Social Services	46	43	3
Ministry of Economic Development, Job Creation and Trade	72	69	3
Ministry of the Solicitor General ³	62	59	3
Hospitals (3) ²	68	66	2
Local Health Integration Networks (4) ⁴	63	62	1
Ministry of Education	67	66	1
Children's Aid Societies (7) ²	35	35	0
Organizations with 11–30 Recommended Actions			
Metrolinx	100	67	33
Infrastructure Ontario	93	79	14
Ontario Energy Board	64	50	14
Ministry of Environment, Conservation and Parks	76	70	6
Financial Services Regulatory Authority of Ontario ⁵	88	88	0
Ministry of Finance	82	82	0
Ministry of Government and Consumer Services	62	62	0
Ministry of Transportation	25	25	0
Ontario Power Generation	100	100	0
Transportation Consortia (3) ⁶	59	59	0
Treasury Board Secretariat	96	96	0
Organizations with 1–10 Recommended Actions			
Women's Issues	100	0	100
Ministry of Colleges and Universities ⁷	100	50	50
Ministry of Natural Resources and Forestry	44	22	22
Cancer Care Ontario	67	67	0
Independent Electricity System Operator	100	100	0
Ministry of the Attorney General	70	70	0
Ministry of Infrastructure	20	20	0
Ontario Association of Children's Aid Societies	0	0	0
Ontario Parole Board	67	67	0

1. Previously part of the Ministry of Health and Long-Term Care.
2. Implementation rates of individual broader-public-sector entities:
 - Hospitals:
 - 2019—Hamilton Health Sciences, 79%; Providence Healthcare, 64%; Ottawa Hospital, 62%
 - 2018—Hamilton Health Sciences, 71%; Providence Healthcare, 64%; Ottawa Hospital, 62%
 - School Boards:
 - 2019—Algoma, 100%; Lakehead, 89%; York Catholic, 70%; Hamilton-Wentworth, 50%; Kawartha Pine Ridge, 38%; Trillium Lakelands, 10%
 - 2018—Algoma, 100%; Lakehead, 89%; York Catholic, 60%; Hamilton-Wentworth, 50%; Kawartha Pine Ridge, 25%; Trillium Lakelands, 10%
 - Universities, by report:
 - 2019:
 - University Undergraduate Teaching Quality—University of Ontario Institute of Technology, 75%; Brock University, 43%; University of Toronto, 33%
 - University Intellectual Property—McMaster University, 71%; University of Toronto, 61%; University of Waterloo, 50%
 - 2018:
 - 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%
 - Children's Aid Societies:
 - 2019—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%
 - 2018—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%
3. Previously referred to as the Ministry of Community Safety and Correctional Services.
4. The implementation rate for Local Health Integration Networks (LHINs) includes recommendations that originated with Community Care Access Centres, which are now part of the LHINs. The overall rate for the LHINs is related to the following four organizations, for three audit reports:
 - 2019:
 - Health Shared Services Ontario co-ordinated responses for the following reports:
 - LHINs—Local Health Integration Networks: 56%
 - CCACs—Home Care Program: 56%
 - Central East: Long-Term-Care Home Placement Process, 100%
 - North East: Long-Term-Care Home Placement Process, 100%
 - Waterloo Wellington: Long-Term-Care Home Placement Process, 100%
 - 2018:
 - Health Shared Services Ontario co-ordinated responses for the following reports:
 - LHINs—Local Health Integration Networks: 56%
 - CCACs—Home Care Program: 52%
 - Central East: Long-Term-Care Home Placement Process, 100%
 - North East: Long-Term-Care Home Placement Process, 100%
 - Waterloo Wellington: Long-Term-Care Home Placement Process, 100%
5. Previously referred to as the Financial Services Commission of Ontario.
6. Implementation rates of individual broader-public-sector entities:
 - Transportation Consortia:
 - 2019—Sudbury Consortium, 100%; Peel Consortium, 44%; Toronto Consortium, 33%
 - 2018—Sudbury Consortium, 100%; Peel Consortium, 44%; Toronto Consortium, 33%
7. Previously referred to as the Ministry of Training, Colleges and Universities.

Appendix 2: Recommendations from 2012 to 2016 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
2012 3.02: Criminal Prosecutions	Ministry of the Attorney General	Recommendation 4—Action 1 To ensure that regional and division management have adequate assurance that cases are prosecuted in a consistent, timely and effective manner that meets expected standards, the Criminal Law Division should perform a periodic, objective review of a sample of files from each Crown attorney relating to the prosecutions each one handled during the year.	Assessed in 2019 as Will Not Be Implemented	According to the Criminal Law Division, their practice of conducting ongoing reviews of current cases allows for real-time course correction, provides better service to the public and upholds the principles of justice in a way that cannot be achieved through a post-completion file review process.
3.05: Education of Aboriginal Students	Ministry of Education	Recommendation 5—Action 3 In order to improve educational outcomes for First Nations 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.	Assessed in 2019 as Will Not Be Implemented	<p>According to the Ministry, it will not be able to fully address this recommendation. The Ministry noted that Ontario does not have access to data from all First Nation-operated or federally operated schools that would enable the creation of baseline data between systems to measure outcomes. The exception to this would be those students captured under the recently negotiated Data Transfer Agreement within the Master Education Agreement with the Anishinabek Education System. The Ministry stated that it therefore is not able to speak to the effectiveness of these initiatives outside of First Nations students' experience and achievement in provincially funded schools.</p> <p>The Ministry stated that when data is collected regarding First Nations, Métis and Inuit self-identification for students in the provincial school system, self-identification is voluntary. Not all First Nations students choose to self-identify. The Ministry noted that self-identification does not include an indication of whether a self-identified First Nations student lives on or off reserve, is being billeted outside of their own community to attend secondary school or is living with relatives. The Ministry only confirms that students are residents of Ontario or international students.</p>

Section	Organization	Recommendations	Status	Rationale
3.06: Independent Health Facilities	Ministry of Health ¹	Recommendation 5—Action 2 To ensure that patients have access to relevant information about independent health facilities that can help them obtain required services, the Ministry of Health and Long-Term Care should combine existing website information into one website with search functionality that specifies all locations where patients can access community services, such as x-rays and ultrasounds, as well as available services and wait times for services that do not have same-day access (for example, MRIs and CT scans).	Assessed in 2019 as Will Not Be Implemented	The Ministry stated it had considered this recommendation and suggested advances in technology have made the recommendation redundant. Whether in website or app format, the recommendation points to the essence of having a platform where patients can access information such as locations and wait times of community services. According to the Ministry, the Independent Health Facilities' MRI and CT clinics are now reporting wait times to Cancer Care Ontario, which are available on the Health Quality Ontario website. It also stated that the Wellington-Waterloo Region has implemented an e-referral electronic system that addresses locations and wait times. The Ministry stated that it will not be combining existing website information into one website with search functionality that specifies all locations where patients can access community services.
3.12: University Undergraduate Teaching Quality	University of Toronto	Recommendation 2—Action 1 To help ensure that tenure and promotion decisions and the underlying documentation appropriately reflect the relative importance of a professor's teaching ability, the universities should ensure that all relevant information on teaching performance is made available to tenure and promotion committees and that all documentation supporting their recommendations is retained for an appropriate period of time. Recommendation 4—Action 1 To enhance their understanding of the impact that use of various teaching resources has on teaching quality and student outcomes, universities should assess the impact of class size on teaching quality and study how best to address the challenges posed by large classes. Recommendation 4—Action 2 To enhance their understanding of the impact that use of various teaching resources has on teaching quality and student outcomes, universities should weigh the impact of using teaching and sessional faculty and the extent to which they can best be used to address resource constraints.	Assessed in 2019 as Will Not Be Implemented	The University of Toronto stated that this recommended action has been fulfilled by the university to the extent possible in light of negotiated and bargained agreements.
			Assessed in 2019 as Will Not Be Implemented	The University of Toronto stated that this recommended action has been fulfilled by the university to the extent possible in light of negotiated and bargained agreements.
			Assessed in 2019 as Will Not Be Implemented	The University of Toronto stated that this recommended action has been fulfilled by the university to the extent possible in light of negotiated and bargained agreements.

Section	Organization	Recommendations	Status	Rationale
3.13: Youth Justice Services Program	Ministry of Children, Community and Social Services ²	Recommendation 6—Action 1 To ensure that the annual facility inspection and licensing process results in a safe and secure living environment with effective services and programs for youth residents, the Ministry of Children and Youth Services should revise the inspection checklist to eliminate duplication and place more emphasis on the quality of programming and services being offered.	Assessed in 2019 as Will Not Be Implemented	According to the Ministry of Children, Community and Social Services (Ministry), with its creation and the discontinuance of the Ministry of Children and Youth Services, it has taken a modernized and integrated approach to processes and tools including those for the licensing checklist. The Ministry stated that the licensing checklist is meant to support the Ministry's monitoring and oversight of licensed residential settings, with the focus being on adherence to requirements for providing residential care. The Ministry stated that it will update the inspection checklist to include items related to quality of programming and services being offered.
2013				
3.03: Healthy Schools Strategy	Trillium Lakelands District School Board	Recommendation 1—Action 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 develop consistent and effective strategies to monitor compliance with the Ministry's School Food and Beverage Policy, especially ensuring that all items sold in schools comply with the policy's nutrition standards. Recommendation 1—Action 3 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 ensure that school administrators and teachers receive sufficient training and supports on how to implement the policy and promote healthy eating concepts in the classroom.	Assessed in 2019 as Will Not Be Implemented	According to the Board, it will not be implementing this recommendation because it will not be verifying the accuracy of information received from principals as it relates to the School Food and Beverage Policy and Procedure. To address our recommendations, the Board stated that it has implemented report-back forms to ensure schools are in compliance with the policy. With the understanding that the principal's primary responsibility is for student safety and learning, the Board stated that additional pressure for verification of this policy is not a necessary addition to workload. The Board stated that it does not take attendance at principals' meetings, which would include training and supports on implementing the policy, because it considers its administrators as professionals in their field and does not believe that additional oversight to their attendance is needed. According to the Board, its teachers use the Health and Physical Education curriculum from the Ministry of Education as a guide for teaching about healthy foods. The Board stated there is not a need for additional training in this area. It also stated that there are some resources available to teachers if they wish to review them including the Board's Nutrition policy and procedure and the Food and Nutrition Policy.

Section	Organization	Recommendations	Status	Rationale
		<p>Recommendation 2—Action 1 To help safely increase physical activity as well as contribute to reduced sedentary behaviour and improved academic achievement, the Ministry of Education (Ministry) and school boards should assess options, including practices in other jurisdictions, for providing sufficient physical activity to both elementary and secondary school students.</p>	Assessed in 2019 as Will Not Be Implemented	The Board stated that it does not currently have enough staff resources to address this recommendation.
		<p>Recommendation 2—Action 2 To help safely increase physical activity as well as contribute to reduced sedentary behaviour and improved academic achievement, the Ministry of Education (Ministry) and school boards should ensure that elementary school administrators and teachers receive sufficient training on good practices and on how to effectively incorporate daily physical activity into the school day.</p>	Assessed in 2019 as Will Not Be Implemented	According to the Board, it will not implement this recommendation because it stated that teachers use the Health and Physical Education curriculum from the Ministry of Education as a guide for teaching about physical activity. There are also resources available to teachers if they wish to review them. The Board stated that it does not have the human resources available to provide any additional training.
		<p>Recommendation 2—Action 3 To help safely increase physical activity as well as contribute to reduced sedentary behaviour and improved academic achievement, the Ministry of Education (Ministry) and school boards should familiarize teachers with physical activity safety guidelines.</p>	Assessed in 2019 as Will Not Be Implemented	According to the Board, it will not implement the recommendation because it stated that it is not the Board's practice to take attendance at principals' meetings. The Board considers its administrators to be professionals in their field and it does not need to add this additional oversight to their attendance. The Board also stated that it does not have the human resources available to track information to the depth suggested by us. The Board believes that there is documentary evidence that teachers review the safety guidelines, such as the field trip policy, because forms must be completed by teachers whenever a field trip or excursion is booked. The Board stated that retrieving these forms for the purposes of documentary evidence would not be possible due to a lack of human resources.

Section	Organization	Recommendations	Status	Rationale
3.06: Private Schools	Ministry of Education	<p>Recommendation 3—Action 3 To ensure that adequate policies and procedures are in place to verify that credit-granting private schools are awarding course credits and diplomas in compliance with ministry policies, including the provincial Grade 9 to 12 curriculum, the Ministry of Education (Ministry) should consider a conditional rating for new private schools that are not yet fully compliant.</p>	Assessed in 2019 as Will Not Be Implemented	<p>The Ministry stated it has determined that the implementation of updated procedures for the denial or revocation of credit granting authority has exceeded the advantages of establishing a “conditional” rating.</p> <p>According to the Ministry, private schools that do not meet Ministry requirements, whether new or existing, will continue to be placed on shortened inspection schedules until they become compliant, or have their authority to grant credits denied or revoked.</p> <p>The Ministry also indicated that when significant issues of non-compliance are identified by Ministry staff during an initial inspection, the private school may have its authority to grant credits toward the OSSD (Ontario Secondary School Diploma) denied.</p> <p>It was also noted that due to changes made to the denial and revocation policy that sets specific criteria and processes for the denial of a private school’s authority to grant credits toward the OSSD, private schools that may have qualified for a potential “conditional” rating may now be denied this authority until they meet Ministry requirements at the time of inspection. The Ministry stated that this process reduces the risk of non-compliance by new private schools by eliminating any option to grant credits before the school has met compliance requirements and exceeds the value of applying a “conditional” rating to a private school that would be permitted to grant credits in the interim.</p>
		<p>Recommendation 3—Action 4 To ensure that adequate policies and procedures are in place to verify that credit-granting private schools are awarding course credits and diplomas in compliance with ministry policies, including the provincial Grade 9 to 12 curriculum, the Ministry of Education (Ministry) should review whether the “P” notation on public school student transcripts is influencing post-secondary admission decisions as intended.</p>	Assessed in 2019 as Will Not Be Implemented	<p>The Ministry stated that in its Memorandum to all Directors of Education on July 17, 2009, the “P” notation was added to the Ontario Student Transcript to indicate that a grade was earned at a private school in order to increase transparency in students’ records.</p> <p>The Ministry stated that since 2009, the Ministry engages with post-secondary institutions that have questions or concerns about grades earned at private schools. Ministry records indicate that the Ministry has received 464 separate inquiries and 17 complaints into grades earned by private schools from post-secondary institutions. The continued use of the “P” notation to follow up on questions related to student marks has been accepted as evidence of the ongoing relevance of this documentation. Decisions related to the weighting or evaluation of student admission applications are made at the discretion of post-secondary institutions.</p> <p>The Ministry stated that it also engages with post-secondary institutions to explore issues that exceed the use of the “P” notation on the Ontario Student Transcript.</p>

Section	Organization	Recommendations	Status	Rationale
2014				
3.01: Adult Community Corrections and Ontario Parole Board	Ministry of the Solicitor General ³	Recommendation 5—Action 1 To ensure equitable access to effective rehabilitative programs for offenders, the Ministry of Community Safety and Correctional Services should regularly track the availability of and wait times for rehabilitative programs and services for offenders under its supervision across the province.	Assessed in 2019 as Will Not Be Implemented	<p>According to the Ministry, this recommendation will not be implemented because it has implemented an annual program inventory process called Gap Analysis. This process identifies the availability and accessibility of programs that respond to the core criminogenic needs of community-supervised offenders. Criminogenic needs are issues that might lead to reoffending, such as family relationships, education, employment, substance use, mental health and stability of having a residence. The Gap Analysis allows the Ministry to identify areas where offenders' needs are not being met through existing programs and prioritize a response to address the gaps in service.</p> <p>The Ministry also stated that it had developed and piloted an electronic wait-list function in its Offender Tracking Information System. However, upon evaluation of the pilot, the Ministry determined that tracking wait times did not improve offender outcomes, but it created an administrative burden for staff and it did not provide additional value. The Ministry also noted that the pilot did not help it to address the availability and accessibility of community-based offender programming.</p>
3.10: Residential Services for People with Developmental Disabilities	Ministry of Children, Community and Social Services ⁴	Recommendation 5—Action 1 To improve the management of wait times for residential services for people with developmental disabilities, the Ministry of Community and Social Services should promote consistent recording of wait information, including tracking wait times.	Assessed in 2019 as Will Not Be Implemented	<p>According to the Ministry, it has processes to collect wait-time data and the ability to produce reports. It stated that adults with developmental disabilities are not prioritized for service based on wait times but based on urgency using consistent assessment tools and a triage system—not first come, first served. It also stated that reporting wait times is not part of regular business as this data is not used in prioritization.</p>
		Recommendation 6—Action 4 To help ensure that inspections of residences contribute to the safety and security of the environments where people with developmental disabilities live, the Ministry of Community and Social Services should expand inspection procedures to include verification of service data reported to the Ministry.	Assessed in 2019 as Will Not Be Implemented	<p>According to the Ministry, it has rolled out a Service Management Information System (SMIS) data integrity framework to regions, and it has been incorporated in their regular business operations.</p> <p>To verify service data reported, the Ministry stated that it conducted a pilot project that compared the number of beds at sites compliance inspectors visited against SMIS bed count data.</p> <p>The Ministry stated that it planned to conduct a post-pilot data report analyzing more service data elements; however, it could not produce such a report because the agencies report service data to the Ministry for all their sites together, which prevents compliance inspectors from verifying service data from specific sites.</p> <p>The Ministry stated that the recommendation cannot be addressed at this time because of the above limitations.</p>

Section	Organization	Recommendations	Status	Rationale
3.12: Source Water Protection	Ministry of the Environment, Conservation and Parks ⁵	Recommendation 8—Action 1 The Ministry of the Environment and Climate Change, in conjunction with the Ministry of Agriculture, Food and Rural Affairs, should phase in the remaining farms in Ontario that generate or apply nutrients so that they also must adhere to the requirements of the <i>Nutrient Management Act</i> and its regulations.	Assessed in 2019 as Will Not Be Implemented	According to the Ministry, it, together with the Ministry of Agriculture, Food and Rural Affairs, does not intend to require all farms in Ontario to be phased-in to all the regulatory requirements of the <i>Nutrient Management Act</i> . According to the Ministry, farms with a higher risk profile will continue to be phased-in to various regulatory requirements through the existing risk-based approach. The Ministry stated that there are other approaches supported by the Ministry to protect the environment, which are being implemented in collaboration with the agriculture sector.
2015				
3.13: Student Transportation	Ministry of Transportation	Recommendation 5—Action 4 To increase the effectiveness of its safety inspections of school buses at operators' terminals, the Ministry of Transportation (MTO) should obtain evidence that violations or infractions noted during school bus inspections are rectified in a timely manner by a school bus operator.	Assessed in 2019 as Will Not Be Implemented	<p>According to the Ministry, its current process focuses on ensuring more serious violations are rectified, but it does not include infractions. The Ministry described this as a manageable risk-based process that is similar to its commercial vehicle inspections. The Ministry stated that it complements the requirement under the <i>Highway Traffic Act</i> for operators to bring their vehicle into compliance with all noted violations.</p> <p>The Ministry stated that it does not intend to maintain evidence of repairs being made as it would be an administrative burden due to the volumes involved.</p> <p>According to the Ministry, the <i>Highway Traffic Act</i> compels operators to complete and retain detailed repair and maintenance records, and a review of these records is conducted by the Ministry during its facility audit process.</p>
	Peel Consortium	Recommendation 12—Action 6 In order to increase the efficiency of school transportation services and in turn decrease costs, transportation consortia should reduce the need for transportation services by co-ordinating common days off.	Assessed in 2019 as Will Not Be Implemented	<p>According to the Peel Consortium, it has analyzed the transportation network and has identified potential cost savings of approximately \$780,000 if the member school boards co-ordinated their school year calendars to have common PD days (professional development days).</p> <p>The Consortium stated that the scheduling of common school calendars between the member school boards and the potential cost savings has been brought forward and discussed with the administration team.</p> <p>It noted that it has no control over the scheduling or co-ordination of school board calendars between the two member boards (Peel District School Board and Dufferin-Peel Catholic District School Board); therefore, the status of this recommendation is "will not be implemented."</p>

Section	Organization	Recommendations	Status	Rationale
2016	Toronto Consortium	Recommendation 12—Action 4 In order to increase the efficiency of school transportation services and in turn decrease costs, transportation consortia should increase sharing of school buses among boards and transporting students from different boards on the same bus.	Assessed in 2019 as Will Not Be Implemented	According to the Toronto Consortium, the Toronto District School Board and the Toronto Catholic District School Board have fully integrated sharing of buses. It stated that it had reached out to the French-language school boards in order to further enhance sharing. However, these boards indicated that they do not wish to pursue any additional sharing at this time.
	3.04: Employment Ontario	Recommendation 7—Action 2 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 evaluating whether it should change the degree of funding it provides for apprenticeship training in voluntary trades as compared to compulsory trades.	Assessed in 2019 as Will Not Be Implemented	<p>The Ministry stated that the new <i>Modernizing the Skilled Trades and Apprenticeship Act, 2019</i> (Act) establishes a new flexible framework to enable training and certification in a trade or in a skill set, which would allow training and certification within and between trades and be more responsive to industry and apprentice needs.</p> <p>The Ministry also noted that trades will no longer be classified as “compulsory” or “voluntary” under the Act; rather, there will be a requirement for training and certification to perform a trade or skill set that contains restricted activities (i.e., any trade may have both restricted and unrestricted components).</p> <p>However, we noted that the relevant sections under the new Act, i.e., Sections 3 and 4 (Prohibitions); Section 58(1)-(3) (Deemed trades) and Section 54(1)(a)-(c) (Minister’s regulations), which relate to the Ministry’s comments above, are not yet in force. These sections come into force on a day to be named by proclamation of the Lieutenant Governor.</p> <p>Until the relevant legislative sections come into force, we continue to believe that this recommendation should be implemented.</p>
		Recommendation 8—Action 1 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.	Assessed in 2018 as Will Not Be Implemented	<p>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 those in 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.</p>

Section	Organization	Recommendations	Status	Rationale
3.05: Environmental Approvals	Ministry of the Environment, Conservation and Parks ⁵	<p>Recommendation 11—Action 3 To increase the successful completion of apprenticeship training in a cost-effective way, the Ministry of Advanced Education and Skills Development should 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.</p> <p>Recommendation 4—Action 2 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 revise its risk-based policy to include requirements on how frequently to review and inspect these emitters and ensure that the policy is followed.</p> <p>Recommendation 10—Action 3 To enable the public to access relevant information about all emitters, the Ministry of the Environment and Climate Change should 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.</p>	<p>Assessed in 2019 as Will Not Be Implemented</p> <p>Assessed in 2019 as Will Not Be Implemented</p> <p>Assessed in 2018 as Will Not Be Implemented</p>	<p>The Ministry told us that the rates paid to training delivery agents are the same for exam preparation courses as for regular in-class training courses. However, this rate includes a client-pay portion for the full-time but not for the part-time exam preparation courses. The Ministry told us that it will continue to pay the full rate for the part-time exam preparation courses and does not intend to implement a client-pay portion for those courses</p> <p>According to the Ministry, in general it does not set specific frequencies for inspections and other compliance activities but takes a risk-based approach.</p> <p>It stated that, it has implemented the repeat non-compliant violators (RNV) strategy, where repeat non-compliant violators will be identified and subject to an escalated compliance approach. A tracking system is in place to flag RNVs in the IT system. This flag aids monitoring compliance actions taken.</p> <p>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.</p>
3.07: Housing and Supportive Services for People with Mental Health Issues (Community-Based)	Ministry of Health ¹	<p>Recommendation 5—Action 1 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.</p>	<p>Assessed in 2019 as Will Not Be Implemented</p>	<p>According to the Ministry, it has not directed housing providers or waiting list administrators to confirm an applicant's mental health diagnosis prior to being added to a wait list for supportive housing.</p> <p>The Ministry stated that its investments in mental health supportive housing have been targeted to people who are homeless or at risk of homelessness. These investments have been informed by the Housing First approach to supportive housing. This harm reduction-focused model is an internationally recognized best practice that encourages the creation of supportive housing programs have no, or few, barriers to access.</p>

Section	Organization	Recommendations	Status	Rationale
		<p>Recommendation 9—Action 3 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 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.</p>	Assessed in 2019 as Will Not Be Implemented	According to the Ministry, under current operating agreements, it cannot compel transfer payment agencies to conduct Building Condition Audits on their properties or specify the frequency with which they are undertaken. The Ministry recommends that transfer payment agencies conduct these audits as part of their asset management strategy.
3.09: Metrolinx—Public Transit Contract Awarding and Oversight	Metrolinx	<p>Recommendation 8—Action 1 To ensure that deficiencies do not remain unfixed, Metrolinx should include contract provisions that require contractors to fix deficiencies within acceptable industry standards.</p>	Assessed in 2019 as Will Not Be Implemented	According to Metrolinx, it added contract provisions requiring contractors to fix deficiencies “as expeditiously as possible” rather than applying a fixed period. It stated that its legal counsel confirmed that “as expeditiously as possible” is preferable to an arbitrary “industry standard” fixed time period since the period to remedy a deficiency depends on the circumstances; for example, weather, and the nature and complexity of the work. It was also noted that a fixed time period would either a) give too much time to remedy a deficiency that could be completed sooner or b) not allow enough time to complete the work, triggering a breach of contract where it is not necessary or reasonable.
		<p>Recommendation 9—Action 1 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.</p>	Assessed in 2018 as Will Not Be Implemented	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.
		<p>Recommendation 10—Action 2 To ensure that it can protect its rights as an owner and prevent contractors from misusing their right to subcontract, Metrolinx should include contract provisions that protect its interests in situations where sub-trades and sub-sub-trades are used.</p>	Assessed in 2018 as Will Not Be Implemented	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.

Section	Organization	Recommendations	Status	Rationale
		<p>Recommendation 17—Action 2 To ensure that Metrolinx does not pay excessive construction costs to CN and CP, it should 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.</p>	<p>Assessed in 2018 as Will Not Be Implemented</p>	<p>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.</p> <p>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.</p> <p>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.</p>
<p>3.10: Ministry of Transportation—Road Infrastructure Contract Awarding and Oversight</p>	<p>Ministry of Transportation</p>	<p>Recommendation 3—Action 4 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 re-implement its original dispute-resolution process if it determines that the use of referees will not be incorporated into its policies and procedures.</p>	<p>Assessed in 2018 as Will Not Be Implemented</p>	<p>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 <i>Construction Act</i> (formerly the <i>Construction Lien Act</i>) in December 2017 caused the Ministry to reassess its process. The Act allows parties to 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.</p> <p>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.</p>

Section	Organization	Recommendations	Status	Rationale
3.11: Physician Billing	Ministry of Health ¹	<p>Recommendation 12—Action 3</p> <p>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 recover the \$3.2 million of overpayments to physicians related to the cardiac rhythm monitoring tests that were inappropriately claimed.</p>	Assessed in 2018 as Will Not Be Implemented	<p>The Ministry indicated that it does not have authority under the <i>Health Insurance Act</i> to directly recover the \$3.2 million. Upon the Ministry's request, the company stopped billing in this manner, and under the <i>Health Services Act</i>, the Ministry cannot refer the matter to the Physician Payment Review Board.</p> <p>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.</p>
3.12: Specialty Psychiatric Hospital Services	Ministry of Health ¹	<p>Recommendation 12—Action 3</p> <p>To improve the way in which mental health stakeholders across the province share information, the Ministry of Health and Long-Term Care should 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.</p>	Assessed in 2019 as Will Not Be Implemented	<p>The Ministry developed the Police-Hospitals Transition Framework and Toolkit, which was made public as of June 2019. The Ministry stated that the Framework and Toolkit represents best practices in the fields of policing and health care, but we found that its focus is on transitioning individuals from police custody to the emergency department at hospitals, which does not specifically address the recommended action.</p> <p>The Ministry noted that it would be inappropriate for the Ministry or the Solicitor General to direct hospitals and police services as to how they must respond in every crisis situation.</p>
4.02: Provincial Public Appointment Process	Treasury Board Secretariat	<p>Recommendation 4—Action 3</p> <p>To ensure that qualified candidates are appointed to provincial agencies and other entities, the Treasury Board Secretariat, working with the ministries, should monitor appointment diversity statistics and post them on its public website.</p>	Assessed in 2019 as Will Not Be Implemented	<p>According to the Treasury Board Secretariat, it will not collect diversity data to address the recommendation because the government's key priority is to ensure that individuals appointed to serve on provincial agencies and other entities are highly qualified and appointed based on the skill requirements of the board.</p>

Section	Organization	Recommendations	Status	Rationale
		<p>Recommendation 6—Action 1 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.</p>	Assessed in 2019 as Will Not Be Implemented	<p>According to the Treasury Board Secretariat, the Directive provides the flexibility to remunerate depending on the type of appointment and the complexity of the task assigned to the appointee.</p> <p>The Treasury Board/Management Board of Cabinet also stated that it has the authority to make compensation decisions on behalf of the government.</p> <p>When determining remuneration, the rates in the Directive are reviewed and business cases are made to Treasury Board/Management Board of Cabinet explaining the rationale for the proposed rate.</p>

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 27 noted in Section 3.7.

1. Formerly part of the Ministry of Health and Long-Term Care.
2. Formerly the Ministry of Children and Youth Services.
3. Formerly the Ministry of Community Safety and Correctional Services.
4. Formerly the Ministry of Community and Social Services.
5. Formerly the Ministry of Environment and Climate Change.
6. Formerly the Ministry of Advanced Education and Skills Development.

Appendix 3: Reports Issued by the Standing Committee on Public Accounts from March 2015 to March 2018

Prepared by the Office of the Auditor General of Ontario

Report Name	Date Issued
Violence Against Women	March 2015
Ontario Power Generation Human Resources	May 2015
Health Human Resources	May 2015
Financial Services Commission of Ontario—Pension Plan and Financial Service Regulatory Oversight	June 2015
Infrastructure Ontario—Alternative Financing and Procurement	June 2015
University Undergraduate Teaching Quality	June 2015
Cancer Screening Programs	November 2015
Smart Metering Initiative	November 2015
Education of Aboriginal Students	March 2016
Public Accounts of the Province	April 2016
Metrolinx—Regional Transportation Planning	June 2016
ServiceOntario	June 2016
Healthy Schools Strategy	October 2016
CCACs—Community Care Access Centres—Home Care Program	December 2016
Toward Better Accountability	December 2016
Electricity Power System Planning	March 2017
University Intellectual Property	April 2017
Long-Term-Care Home Quality Inspection Program	May 2017
Public Accounts of the Province	May 2017
Child and Youth Mental Health	December 2017
Employment Ontario	December 2017
Ministry of Transportation—Road Infrastructure Construction Contract Awarding and Oversight	December 2017
Large Community Hospital Operations	February 2018
Physician Billing	February 2018

Appendix 4: Recommendations from 2015 to 2018 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
2015				
June: University Undergraduate Teaching Quality	University of Toronto	Recommendation 3—Action 1 Examine the impact on teaching quality of the use of sessional instructors.	Assessed in 2019 as Will Not Be Implemented	The University of Toronto stated that this recommended action has been fulfilled by the university to the extent possible in light of negotiated and bargained agreements.
2016				
April: Public Accounts of the Province	Treasury Board Secretariat	Recommendation 1—Action 1 Officials provide details on the government’s long-term debt reduction plan of reducing net debt-to-GDP ratio from 2013/14 levels of 38.6% to pre-recession levels of 27%.	Assessed in 2019 as Will Not Be Implemented	According to the Ministry, the current government has set a new target—to reduce Ontario’s net-debt-to-GDP ratio to less than 40.8% by 2022/23—that is supported by the province’s budgetary policy and the requirements of the <i>Fiscal Sustainability, Transparency and Accountability Act</i> . The Ministry added that the choice of what debt burden to carry is a government policy matter, and the current government’s policy direction supports achieving a projected net-debt-to-GDP ratio of 38.6% by 2023/24 in a transparent and accountable manner.
June: Metrolinx-Regional Transportation Planning	Metrolinx	Recommendation 4—Action 2 The Standing Committee on Public Accounts recommends that Metrolinx should, where appropriate, use comparators such as the actual performance of GO Transit or the TTC rather than relying on industry standards compiled by external advisors when comparing risks of traditional public procurement versus the risks of AFP. Recommendation 5—Action 2 The Standing Committee on Public Accounts recommends that Metrolinx should consider offering operating subsidies in order to address inter-agency conflicts with respect to fare-sharing.	Assessed in 2019 as Will Not Be Implemented	Metrolinx has not used comparators such as the actual performance of GO Transit or the TTC when comparing risks of traditional public procurement versus the risks of AFP, and it informed us that there are no plans to do so. Metrolinx will not directly offer subsidies to address inter-agency conflicts with respect to fare-sharing. According to Metrolinx, currently it offers co-fares and a discounted double fare to reduce the cost of transferring between GO Transit and eligible municipal services. In the case of the Discounted Double Fare, which was launched in 2018 and applies to transfers between GO Transit and TTC services, the province provided dedicated funding to Metrolinx upon approval by Treasury Board. Metrolinx indicated that any further provincial funding would be secured the same way. It added that municipalities may also be expected to contribute funding or transfers, offset by increased ridership.

Section	Organization	Recommendations	Status	Rationale
2017 March: Electricity Power System Planning	Ministry of Energy, Northern Development and Mines ¹	Recommendation 5—Action 1 The Ministry of Energy, or the IESO, as applicable, provide the Committee with details on how it evaluates proposals for investing in generation facilities compared to investing in conservation initiatives (e.g., business case, cost benefit analysis).	Assessed in 2019 as Will Not Be Implemented	According to the Ministry, this recommendation will not be implemented because of other processes that are conducted. It informed us that when developing a long-term electricity system plan, the Independent Electricity System Operator (IESO) begins by forecasting gross electricity demand for a 20-year period and then develops a net demand by taking out the demand that will be met by planned conservation initiatives. The Ministry said these conservation initiatives are based on an achievable potential study (study). The IESO then procures resources, including generation and demand response, to meet the net demand. The study identifies cost-effective conservation and demand management (CDM) measures by comparing the cost of CDM measures to the costs of equivalent amounts of energy and capacity provided by the cheapest generation source. The 2019/2020 Interim Framework is informed by the study. The Electricity CDM policy for the post-2020 period is under development. According to the Ministry, the IESO has also undertaken a Market Renewal initiative to redesign the province's electricity markets and introduce a transitional capacity auction that will procure incremental capacity through a market-based auction starting in December 2019. The IESO is exploring how energy efficiency could compete in the capacity auction against generation and demand response, which, according to the IESO, removes the need for a business case for new resources.
May: Public Accounts of the Province	Treasury Board Secretariat	Recommendation 1—Action 1 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.	Assessed in 2019 as Will Not Be Implemented	According to the Ministry of Finance, this recommendation will not be implemented because the current government has set a new target—to reduce Ontario's net-debt-to-GDP ratio to less than 40.8% by 2022/23—that is supported by the province's budgetary policy and the requirements of the <i>Fiscal Sustainability, Transparency and Accountability Act</i> . It noted that the choice of what debt burden to carry is a government policy matter, and the current government's policy direction supports achieving a projected net-debt-to-GDP ratio of 38.6% by 2023/24 in a transparent and accountable manner.
April: University Intellectual Property	Ministry of Economic Development, Job Creation and Trade ²	Recommendation 2—Action 2 The Ministry of Research, Innovation and Science conduct periodic assessments against the indicators in the scorecard and report the results publicly.	Assessed in 2018 as Will Not Be Implemented	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.

Section	Organization	Recommendations	Status	Rationale
December: Child and Youth Mental Health	Ministry of Health ³	<p>Recommendation 6—Action 1 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>Recommendation 5—Action 4 The Ministry of Children, Community and Social Services should work with lead child and youth mental health agencies in Ontario to ensure that agencies update clients on when they will receive service.</p>	Assessed in 2018 as Will Not Be Implemented	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.
December: Employment Ontario	Ministry of Labour, Training and Skills Development ⁴	<p>Recommendation 8—Action 3 The Ministry of Advanced Education and Skills Development should evaluate whether it should change the funding allocated to apprenticeship training in voluntary trades.</p>	Assessed in 2019 as Will Not Be Implemented	<p>The Ministry of Health said it will not be implementing this recommended action because it has reconsidered the Ministry of Children, Community and Social Services' previous commitment to work with lead agencies and Children's Mental Health Ontario to ensure that clients are updated on when they will receive service. According to the Ministry, given the breadth of factors that affect the timing of a child, youth or family receiving services (for example, the severity of needs, availability of service, complex and special needs), it would be difficult for agencies to communicate information related to specific start times for treatment with any degree of confidence. The Ministry considered it outside of its purview to determine the manner in which Child and Youth Mental Health agencies communicate this type of information to their clients.</p> <p>The Ministry stated that the new <i>Modernizing the Skilled Trades and Apprenticeship Act, 2019 (Act)</i> establishes a new flexible framework to enable training and certification in a trade or in a skill set, which would allow training and certification within and between trades and be more responsive to industry and apprentice needs.</p> <p>The Ministry also noted that trades will no longer be classified as "compulsory" or "voluntary" under the Act; rather, there will be a requirement for training and certification to perform a trade or skill set that contains restricted activities; that is, any trade may have both restricted and unrestricted components.</p> <p>However, we noted that the relevant sections under the new Act, i.e., Sections 3 and 4 (Prohibitions); Section 58(1)-(3) (Deemed trades) and Section 54(1)(a)-(c) (Minister's regulations), that relate to the Ministry's comments above are not yet in force. These sections come into force on a day to be named by proclamation of the Lieutenant Governor.</p> <p>Until the relevant legislative sections come into force, we continue to believe that this recommendation should be implemented.</p>

Section	Organization	Recommendations	Status	Rationale
		<p>Recommendation 8—Action 4 The Ministry of Advanced Education and Skills Development should take a leadership role in working with other provinces to develop a standard methodology for calculating apprenticeship completion rates across Canada.</p>	Assessed in 2018 as Will Not Be Implemented	<p>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 those in the other provinces and territories.</p> <p>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>Recommendation 9—Action 3 The Ministry of Advanced Education and Skills Development should 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.</p>	Assessed in 2019 as Will Not Be Implemented	<p>The Ministry told us that the rates paid to training delivery agents are the same for exam preparation courses as for regular in-class training courses. However, this rate includes a client-pay portion for the full-time but not for the part-time exam preparation courses.</p> <p>The Ministry told us that it will continue to pay the full rate for the part-time exam preparation courses and does not intend to implement a client-pay portion for those courses. Therefore, this recommendation will not be implemented.</p>

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 11 noted in Section 4.4.

1. Formerly the Ministry of Energy.
2. Formerly the Ministry of Research, Innovation and Science.
3. Formerly part of the Ministry of Health and Long-Term Care.
4. Formerly the Ministry of Advanced Education and Skills Development.



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