

Auditor General's Overview and Audit Summaries

Déjà Vu

In this introduction to my eighth Annual Report to the Legislative Assembly, I wanted to provide an overview of the work done by my Office over the past year, and to comment on the significant evolution of the work of the Office over time. But I first wanted to present a few thoughts about the challenges facing Ontario over the next decade:

- The challenges government faces today are dramatically different from those it faced 10 years ago. It is reasonable to expect that the challenges of the next decade will also be very different, more complex, and more demanding than those which face us today.
- In a world of accelerating change, the managers of government cannot presume that the objectives and means of attaining them, which were perfectly valid in the past, will necessarily be valid in the future. And, as patterns of life change, government must be able to react by applying its resources to solving pressing, current problems and not perpetuating services and programs for which there may no longer be a real need.
- The core of sound decision-making is good information. In government, where decisions have far-reaching implications, the means of obtaining and effectively using informa-

tion are of critical importance as tools for management.

- Since most major revenue sources have now been tapped, the emphasis must shift from finding new sources to making the best uses of existing ones.

I wish I could take credit for these pragmatic observations. In fact, all four comments are taken verbatim from reports issued by Ontario's Committee on Government Productivity—four decades ago. Good ideas, it would appear, never go out of style.

More recently, albeit still 15 years ago, we interviewed some MPPs for a section of our *1995 Annual Report* dealing with the Estimates Review Process. One of them told us:

Decision-making in the government is more difficult today than ever. Funds are lacking which are necessary to sustain what was put in place 30 years ago. Therefore, we are operating in an environment of lowering costs in the future. Tough decisions will have to be made in this environment.

Looking back at these observations, I was struck by a sense of déjà vu. With escalating deficits and significant growth in the provincial debt, people recognize that tough decisions lie ahead. But the province has faced tough situations before. I am confident that our elected members will, regardless of their political party, continue to meet

Ontario's challenges head-on as they have in the past—especially if an objective hearing is given to all points of view. As one MPP noted in our 1995 *Annual Report* dealing with the possible benefits of a less partisan approach to the Estimates Review Process that was being considered in another jurisdiction:

There is a lot of talent on all sides of the House which this approach could tap into. Also, the approach might take the partisanship out of the current process and this would be extremely positive.

Realistically speaking, it would probably be about as easy to take the partisanship out of politics as it would to turn lead into gold. It is nonetheless interesting to note that the results produced by two committees that I am familiar with—the Standing Committee on Public Accounts over the years and the recent Select Committee on Mental Health—have worked in a largely non-partisan manner and are good examples of effectively using the “talent on all sides of the House” to benefit the people of Ontario.

Expanding Our Reach to Enhance Legislative Oversight

With the Office's 125th anniversary coming up in March 2011, I thought it would be useful to give readers some idea of how the work of the Office has changed over time, and particularly over the last few decades.

Up until about 40 years ago, the principal responsibility of the Auditor's Office was to pre-approve all provincial expenditures before they could be paid. Then the same Committee on Government Productivity mentioned in the previous section made the following recommendation in the early 1970s:

[I]t would be desirable to provide for more effective post-auditing of the accounts of the Province. We recommend that consideration be given to ... allowing the Provincial Auditor to post-audit the accounts.

The Legislature accepted the recommendation and amended the *Audit Act* in 1971 to transfer to the various ministries the Office's existing responsibilities for pre-approving expenditures. The Office would now check the accounts *after* the ministries had spent the money. Essentially, the government's job would be to approve expenditures and keep the books, and the Auditor's job would be to determine whether those accounts and financial statements fairly presented the fiscal results for the year.

In the couple of years that followed, Bill Groom was credited with transforming the Auditor's Report from a dry verification of accounts into an examination of government spending practices while he was Assistant Provincial Auditor and during his very brief time as Provincial Auditor. Tragically, Mr. Groom and his wife were killed in a 1973 car accident less than six months after he became Provincial Auditor.

Under Norm Scott's tenure as Provincial Auditor, the *Audit Act* was amended in 1978 to include a new concept called value-for-money auditing, which gave the Office the authority to go beyond—far beyond—mere verification of accounting records. Instead, the Office could now assess how economically and efficiently government programs were being delivered, and whether ministries had adequate procedures in place to measure program effectiveness.

The task of going where few auditors had gone before fell first to Mr. Scott, who took the first step toward examining the operation of government programs on a value-for-money basis. When Doug Archer became Provincial Auditor in 1982, it was clear that he saw the potential of value-for-money auditing. Under his leadership, an increasing share of Office resources was devoted to implementing

this new audit concept. The Standing Committee on Public Accounts was also an early supporter; it saw the benefits of the Auditor providing an objective assessment of the operation of government programs rather than just an opinion on whether the accounting debits and credits had been properly tallied.

When Erik Peters succeeded Doug Archer in 1993, he introduced the concept of incorporating formal recommendations with management responses into every value-for-money audit, a practice that continues today.

Over time, it became apparent that the 1978 value-for-money amendment overlooked one important area: it excluded broader-public sector organizations from the value-for-money process. These provincially funded organizations—hospitals, school boards, universities and colleges, and social-service agencies such as Children's Aid Societies—account for about half of all government expenditures. Thus, we viewed their exclusion from scrutiny by the Legislature's spending watchdog as a significant limitation and expressed that concern for a number of years.

In late 2003, the then Minister of Finance informed me that the government was prepared to support an expansion of our mandate to address this issue. The Legislature subsequently unanimously supported passage of the *Auditor General Act*, the most significant provision of which allowed us to conduct value-for-money audits in broader-public-sector organizations.

Since then, the Office has moved aggressively into its expanded mandate. We have conducted value-for-money work across the entire spectrum of the broader public sector, including hospitals, school boards, universities and colleges, Community Care Access Centres, Children's Aid Societies, long-term-care homes, mental-health agencies, and a variety of social-service organizations. We have also ventured into corporate entities of the Crown, including eHealth Ontario, Hydro One, Ontario Power Generation, and the Ontario Clean

Water Agency. It has been a challenge for staff in our Office to examine such areas as electronic health records, emergency rooms, operating-room management, and special education—areas one might suspect are outside the usual purview of accountants. But in my admittedly less than totally objective opinion, it was a challenge well met.

One pleasant surprise has come from the organizations we have audited in the broader public sector. Initially, and perhaps understandably, these organizations were not exactly thrilled with our new powers to look into their operations. However, we have found them to be both co-operative and helpful when we have come knocking. The progress we have made would not have been possible without the co-operation of staff at these organizations, and their willingness to work with us as we focused on addressing systemic problems and identifying best practices in Ontario and elsewhere that should be considered. We also benefited from the strong support of the Standing Committee on Public Accounts as we expanded our value-for-money work into the broader public sector.

I suspect that the members of the Committee on Government Productivity never expected 40 years ago that their recommendations would help change the work of the Legislature's Auditor so fundamentally. Had they been able to glimpse the future, I like to think that they would have been pleased with what they saw.

This Year's Audit Work

FINANCIAL AUDITS

Our value-for-money audits tend to get the attention of the Legislature, the media, and the public. However, the conduct of financial audits remains one of our most critical legislative responsibilities. The objective of these audits is to express opinions on whether the financial statements of the province, as well as those of such Crown agencies as the

LCBO, the Ontario Securities Commission, Legal Aid Ontario, and others, have been presented fairly. Just as corporate shareholders in the private sector want independent assurance that a company's financial statements fairly reflect its operating results and its balance sheet, the public wants the same assurances about public-sector entities.

I am pleased to report that for the 17th straight year, the Office was able to provide assurance to the Legislature and the public that the government-prepared consolidated financial statements of Ontario—the largest audited entity in the province—are fairly presented in accordance with generally accepted accounting principles. The results of this work are discussed in Chapter 2.

Similarly, I can report that we concluded that the financial statements of all the Crown agencies we audited this year were also fairly presented.

VALUE-FOR-MONEY AUDITS

This section provides a brief overview of this year's value-for-money audits, reported on both in this Annual Report and in two Special Reports issued earlier this year, followed by summaries that provide a brief overview of the results of each audit not yet reported on during the year.

Health-Care Sector

We put a heavy emphasis this year on the health-care sector for two reasons: expenditures in this sector currently account for more than 40% of total government spending, and concerns have persisted for years about wait times in hospital emergency rooms and for elective surgery and beds in long-term-care homes. Accordingly, we conducted four distinct health-related audits:

- *Hospital Emergency Departments:* Contrary to the widespread public perception, our audit found that long wait-times in hospital emergency rooms have more to do with delays in freeing up in-patient beds than with walk-in patients who had minor ailments.

- *Discharge of Hospital Patients:* In 2009, more than 50,000 hospital patients who could have been discharged endured longer-than-necessary hospital stays due to delays in arranging post-discharge care, and these delays accounted for 16% of the total days all patients stayed in Ontario hospitals.
- *Home Care Services:* Funding decisions for home-care services tend to be made on historically based allocations rather than on assessments of current client needs, which creates the risk that people with similar needs may not receive similar levels of care depending on where in Ontario they live.
- *Organ and Tissue Donation and Transplantation:* Initiatives by the Trillium Gift of Life Network, donor and transplantation hospitals, and the Ministry of Health and Long-Term Care have led to an increase in the number of donors, but certain changes could be made to reduce wait times for organs.

Ensuring and Enforcing Fairness

We conducted four audits of programs intended to protect the rights of people and ensure that the principle of fairness prevails:

- *Family Responsibility Office:* The Office must take more aggressive enforcement action, enhance its case-management process, and improve its information technology and communications systems if it is to be effective in enforcing spousal and child support payments resulting from marriage breakdowns.
- *School Safety:* While initiatives are being taken to ensure children are safe from physical and psychological threats in their learning environment, insufficient information is available on the effectiveness of such initiatives.
- *Municipal Property Assessment Corporation:* While municipalities are generally satisfied with the assessment-roll information provided, the assessed value of one in eight properties

sampled differed from the fair market value by more than 20%.

- *Casino Gaming Regulation:* Casino and slot-machine patrons can rely on the controls and oversight mechanisms in place to ensure gaming equipment and table games of chance are operating fairly and honestly.

Protecting and Investing in the Province's Resources

We conducted three audits relating to the government's role in protecting public resources and assets:

- *Non-Hazardous Waste Disposal and Diversion:* The residential sector—but not the business sector—is making headway in protecting our environment by increasing the amount of non-hazardous waste that can be diverted through reducing, reusing, or recycling rather than being dumped in landfills.
- *Infrastructure Stimulus Spending:* Although efforts were made to establish appropriate procedures to quickly distribute billions in federal–provincial economic stimulus funding, improvements can be made to enhance the effectiveness of any such future stimulus programs.
- *Infrastructure Asset Management at Colleges:* Ongoing funding for the maintenance of the province's multi-billion-dollar investment in aging college infrastructure has not been sufficient to reduce the backlog of required maintenance needs.

SPECIAL AUDITS

The *Auditor General Act* allows us to undertake audit work requested by the Legislative Assembly, the Standing Committee on Public Accounts, or a Minister of the Crown. This year, we issued two such special audits:

- *OLG's Employee Expense Practices:* After information about employee expense reports of

senior executives of the Ontario Lottery and Gaming Corporation (OLG) obtained through a freedom-of-information request led to the dismissal of the OLG's chief executive officer and the resignation of the entire board of directors, the Minister of Finance requested an audit of OLG employee expenses. The report was tabled in the Legislature on June 1, 2010.

- *Consultant Use in Selected Health Organizations:* This audit, requested in a unanimous motion of the all-party Standing Committee on Public Accounts, was a major assignment that included work at 16 hospitals, three Local Health Integration Networks, and the Ministry of Health and Long-Term Care. The report was tabled in the Legislature on October 20, 2010.

Both special reports can be found on the Office's website at www.auditor.on.ca.

RESPONSIBILITIES UNDER THE GOVERNMENT ADVERTISING ACT

The *Government Advertising Act, 2004* requires our Office to review most proposed government advertising in advance of their being broadcast, published, or displayed. We are responsible for ensuring that such advertisements meet certain prescribed standards and do not promote the governing party's partisan political interests by fostering a positive impression of the government or a negative impression of any person or group critical of the government.

In the 2009/10 fiscal year, we reviewed 600 advertisements. A full discussion of our work in this area can be found in Chapter 5.

3.01 CASINO GAMING REGULATION

Under the *Criminal Code* of Canada, provinces have responsibility for regulating, licensing, and operating legal forms of gaming. In Ontario, two Crown agencies, with different responsibilities and an arm's-length relationship, oversee casino gaming. The Alcohol and Gaming Commission of Ontario (Commission), as the "regulator," has a mandate to regulate, license, and inspect gaming facilities, and to enforce gaming legislation. The Ontario Lottery and Gaming Corporation (OLG), as the "operator," builds, manages, and operates, either directly or with private-sector operators, Ontario's 27 casinos and slot-machine facilities at horse racetracks.

OLG directly operates 22 casino gaming facilities, including 17 "slot facilities" at racetracks that only have slot machines and five casinos with both table games and slot machines. It contracts private-sector operators to run day-to-day operations of one smaller casino and its four large "resort casinos." These offer more gaming options, higher wagering limits, and amenities such as hotels, entertainment venues, and meeting and convention areas.

Casino and slot facility customers expect that slot machines actually pay out the regulated minimum payout amount. Casino patrons who participate in table games, such as blackjack or craps, want assurance that casino employees are honest, effectively overseen, and that the games are fairly run. The general public also expects casinos and slot facilities to be run fairly and honestly.

In our audit of the Commission, we concluded that it had adequate systems, policies, and procedures to achieve this. The Commission's gaming equipment testing lab and gaming enforcement procedures were sufficient to ensure the fair operation of gaming equipment, and this was confirmed by an independent accredited gaming testing lab we hired. Our research of other jurisdictions and advice from external experts also indicated that Ontario's regulatory framework for casinos offers one of the strongest oversight mechanisms in North America.

However, we noted areas where the Commission's oversight procedures and gaming transparency could be enhanced including:

- Slot machine patrons are very interested in the actual payout ratio and whether these payout percentages vary depending on the machine type. Some U.S. jurisdictions provide this information, yet Ontario does not.
- We noted that patrons would find it difficult to locate information on the maximum prize payout on certain slot machines—an important disclosure should the machine malfunction and award an erroneous multi-million dollar jackpot, as has occurred twice in the last two years. In addition, the Commission does not require casinos to post the odds of winning a jackpot on slot machines.
- The Commission sets no minimum training standards for key gaming employees, such as table dealers and surveillance staff, to ensure that they are aware of the rules and procedures they must follow and for identifying criminal activities and problem gamblers.
- In 2008/09, commission inspectors at three of four gaming facilities could not fulfill their goal of annually inspecting all slot machines, and gaming audit and compliance inspectors were behind schedule in verifying gaming facilities complied with approval requirements and their internal control manuals.
- In determining registration eligibility for suppliers, the Commission had no policy for dealing with conflict-of-interest situations involving related employees working in the same casino. It relied on casino and slot facility operators to deal with these situations.

On a somewhat related issue, Ontario residents currently spend an estimated \$400 million annually on foreign-based Internet gaming websites. These foreign gaming operators do not provide the province with a share of these revenues and, unlike certain other international jurisdictions, the Commission does not have a mandate to regulate such Internet gaming.

3.02 DISCHARGE OF HOSPITAL PATIENTS

During the last five years, over 1 million patients were discharged annually from Ontario hospitals. More than 20% required support and care after they were discharged. Such support can include home care (for example, nursing and personal-care services such as bathing); services provided by rehabilitation and palliative-care facilities; and ongoing care provided in long-term-care homes or complex continuing care facilities. Community Care Access Centres (CCACs) are responsible for assessing eligibility and arranging for both home care and access to a long-term-care home.

Remaining in hospital longer than medically necessary can be detrimental to patients' health and prevent other patients from accessing the hospital bed, and it is more expensive than community services. As a result, the Ministry of Health and Long-Term Care, hospitals, and CCACs have introduced a number of initiatives to facilitate the discharge of patients from hospital.

The three hospitals we visited were managing their discharge processes well in some areas and were changing other processes to improve patient flow. Yet all the hospitals had other areas where practices could be improved. Further, in 2009, over 50,000 patients ready to be discharged waited in hospital due to delays in arranging post-discharge care (also known as waiting for an alternate level of care, or ALC). The total days ALC patients were hospitalized has increased by 75% over the last five years and now represents 16% of the total days patients were hospitalized in Ontario. However, no one, such as the Local Health Integration Networks, the CCACs, or the hospitals, was ensuring that community-based services, including home care and long-term care, were available when patients were ready to be discharged from hospital.

Other significant observations included:

- Although quick multidisciplinary team meetings on discharge planning activities were held at the three hospitals, physicians

attended these meetings at only one hospital, and CCAC representatives attended most meetings at only one other hospital.

- A ministry expert panel recommended that hospital physicians prepare a discharge summary to communicate patient information, such as follow-up appointments, pending test results, and medication changes, to subsequent health-care providers. Although discharge summaries were generally prepared, one hospital's were done significantly late. At all three hospitals, a recommended reconciliation of medications on admission versus discharge was often not prepared, increasing the risk of subsequent medication errors.
- At the hospitals we visited, less than 10% of total discharges to long-term-care, complex continuing care, and rehabilitation facilities occurred on weekends because many of these facilities would not accept patients then.
- Wait times in hospital for ALC patients varied significantly across the province. For example, for hospitals in the North West LHIN, 90% of discharged ALC patients were placed within 27 days of being designated ALC versus 97 days in the North East LHIN.
- There were minimal guidelines on how long it should take from hospital referral to patient placement in a long-term-care home. Of ALC patients waiting province-wide, 90% were placed in long-term-care homes within 128 days, with 50% placed within 30 days.
- Long-term-care homes rejected between 25% and 33% of applications because patients required too much care or had behavioural problems. Accepted applicants were often just added to a lengthy wait-list. On the other hand, patients often did not want to go to homes with short or no wait-lists because they were often older facilities or were far away from family.

3.03 FAMILY RESPONSIBILITY OFFICE

All court orders for child and spousal support are automatically filed with the Family Responsibility Office (Office), whose job it is to enforce family-support obligations—aggressively if necessary—and remit support payments to their intended recipients on a timely basis.

The Office's clients are among society's most vulnerable; nearly 20,000 people who have their support orders enforced by the Office also collect social assistance, often because their former partners failed to pay spousal or child support.

Enforcing court orders for spousal and child support can be difficult, and the most problematic cases generally end up with the Office. While acknowledging this, our 2003 audit concluded that the Office was in danger of failing to meet its mandated responsibilities. The Office agreed with our 2003 recommendations to improve service delivery.

However, after our audit this year, we again concluded that the Office has not yet been as successful as it should be in achieving its mandate of collecting unpaid child and spousal support payments. As a result, the Office must take more aggressive enforcement action, enhance its case-management process, and improve its information technology and communications systems. As well, management must work to instill a culture of achievement to make the needed changes.

Our significant findings included:

- The Office was slow in following up, where necessary, and in registering completed court orders for family support. Such delays make cases in arrears much more difficult to enforce and can result in undue hardship on recipients awaiting support payments.
- Although the Office now assigns responsibility for each case to an individual enforcement services officer, this case-ownership model continues to have significant shortcomings, including that payers and recipients do not have direct access to their assigned officer.
- Call volumes at the Office's toll-free call centre are so high that nearly 80% of calls never get through. Of those that do, one in seven callers hangs up before the call is answered.
- The status of almost one-third of outstanding bring-forward notes—intended to trigger specific action on a case within one month—was “open,” indicating either that the notes had been read but not acted upon, or that they had not been read at all.
- For ongoing cases, the Office took almost four months from the time the case went into arrears before taking its first enforcement action. For newly registered cases that went straight into arrears, the delay was seven months from the issue of the court order.
- The Office acts in only one in four or one in five cases each year to, for example, take enforcement action, update case information, or track down delinquent payers.
- The Office has no quality control process or effective managerial oversight to assess whether enforcement staff have made reasonable efforts to collect outstanding amounts.
- The Office could not provide us with a detailed listing by individual account that added up to \$1.6 billion, which was the figure provided to us as the total outstanding arrears as of December 31, 2009.
- The statistical information supplied monthly to the Ministry of Community and Social Services did not provide a useful summary of the Office's successes and failures in collecting outstanding support payments or in achieving its other key operational objectives.
- Security weaknesses in the Office's information technology system put sensitive personal client information at risk.
- On a positive note, accounting controls covering payments from support payers and the subsequent disbursement to intended recipients were generally satisfactory, and most support payments were disbursed within 48 hours of receipt.

3.04 HOME CARE SERVICES

Community Care Access Centres (CCACs) provide home care services to Ontarians who, without these services and supports, might need to stay in hospitals or long-term-care facilities. Home care also assists frail, elderly people and people with disabilities to live as independently as possible in their own homes.

Generally, CCACs contract with service providers for home care services rather than provide those services directly. The CCACs assess potential clients for eligibility and approve provision of professional services, such as nursing, physiotherapy and social work; as well as personal support and homemaking services, such as assistance with daily living. CCACs also authorize admissions to long-term-care homes.

There are 14 CCACs in Ontario, each of which reports to one of the province's 14 Local Health Integration Networks (LHINs). The LHINs, in turn, are accountable to the Ministry of Health and Long-Term Care. During our audit, we conducted visits to three of the 14 CCACs and surveyed the other 11.

The Ministry of Health and Long-Term Care has recognized that enhancing home care services offers both cost savings and quality-of-life benefits by allowing people to remain in their homes. Home care funding has increased substantially since our last audit in 2004, and independent CCAC client satisfaction surveys indicate that home care clients are generally satisfied with the services they receive.

However, some of the main concerns expressed in our previous audits of the home care program, in 2004 and 1998, remain. Among our significant findings:

- Per capita funding varied widely among the 14 CCACs, resulting in funding inequities. Total funding to CCACs has not been allocated on the basis of specific client needs, or even on a more general basis that takes into account such local needs as population size, age and gender of clients, or rural locations.
- Although ministry policy requires CCACs to administer programs in a consistent manner

to ensure equitable access no matter where clients live, funding constraints meant that one of the three CCACs we visited had prioritized its services so that only those individuals assessed as high-risk or above would be eligible for personal support services, such as bathing, changing clothes, and assistance with toileting. Clients assessed as moderate-risk in this CCAC were deemed not eligible, while they would have been eligible in the other two.

- Eleven of the 14 CCACs have some form of wait-list for various home care services. The other three CCACs said that they had no wait-lists at all. This is another indicator of a possibly inequitable distribution of resources among the 14 CCACs.
- In the absence of standard service guidelines, each CCAC has developed its own guidelines for frequency and duration of services. As a result, the recommended time allocation for each task and the recommended frequency of visits varied, indicating that the level of service may vary from one CCAC to another.
- Although CCACs have made progress in implementing a standardized initial client-care assessment tool, these assessments were often not done on a timely basis.
- Only one of the CCACs we visited conducted routine, proactive visits to its service providers to monitor the quality of care they delivered.
- CCACs expressed concern that they were not able to procure services from external service providers competitively. The Ministry has asked them to suspend the competitive procurement process on three occasions since 2002, and, at the time of our audit, the process was still suspended. This has contributed to significant differences in rates paid to service providers for similar services.
- The 14 CCACs have made progress in implementing an updated case management information system to provide useful information to help measure and improve performance.

3.05 HOSPITAL EMERGENCY DEPARTMENTS

Overcrowding and long waits in hospital emergency departments have been common complaints for a number of years. The public suspects that this is caused by inappropriate use of emergency by walk-in patients with minor ailments and poor management by hospitals, including chronic understaffing of the emergency department.

However, our work at three hospitals we visited, as well as the responses from the hospitals we surveyed, indicated that the lack of available in-patient beds for emergency patients requiring hospitalization probably had a more significant impact on emergency crowding and wait times. Two major factors influence the lack of available in-patient beds: hospital beds being occupied by patients awaiting alternative care in a community-based setting, and less than optimal practices by hospitals in managing and freeing up in-patient beds.

The Ministry of Health and Long-Term Care (Ministry) has sponsored expert panels and other initiatives on emergency-department wait times. Additional funding of \$200 million has been provided over the last two fiscal years to address the issue. And while the Ministry and the hospital community have been actively attempting to address the problem, emergency-department wait times had not yet shown significant improvement or met provincial targets, especially for patients with more serious conditions.

Some of our more significant observations were:

- The Canadian Triage and Acuity Scale (CTAS) guidelines recommend that patients be triaged (prioritized according to the urgency of their illness or injury) within 10 to 15 minutes of arrival at the emergency department. Yet at all three hospitals we visited, some patients waited more than an hour to be triaged.
- In about half of the triage files reassessed by nurse educators, the CTAS levels originally assigned by triage nurses were found to be incorrect. Of these, the majority were under-

triaged, underestimating the severity of the patients' illnesses or injuries.

- Provincially, only 10% to 15% of the patients with emergent and urgent conditions were seen by physicians within the recommended timelines, and sometimes waited for more than six hours after triage before being seen by nurses or physicians.
- At the three hospitals we visited, the timeliness of accessing specialist consultations and diagnostic services affected emergency patient flow. More than three-quarters of the hospitals that responded to our survey indicated that limited hours and types of specialists and diagnostic services available on-site were key barriers to efficient patient flow.
- At the time of our audit, emergency-department patients admitted to in-patient units spent on average about 10 hours waiting for in-patient beds. Some waited 26 hours or more. Delays in transferring patients from emergency departments frequently occurred because empty beds had not been identified or hospital rooms cleaned on a timely basis.
- Two of the three hospitals we visited had difficulty finding staff to fill nursing schedules, especially for night shifts on weekends, and holidays. A number of emergency-department nurses worked significant amounts of overtime or took extra shifts, leading to additional costs and increasing the risk of burn-out.
- Paramedics often had to stay in emergency departments for extended periods of time to care for patients waiting for emergency-department beds or until emergency-department nurses could accept them.
- About half of emergency-department visits were made by patients with less urgent needs, who could have been supported by alternatives such as walk-in clinics, family doctors, and urgent-care centres.

3.06 INFRASTRUCTURE ASSET MANAGEMENT AT COLLEGES

For the past 10 years, the Ministry of Training, Colleges and Universities (Ministry) has provided Ontario's 24 colleges of applied arts and technology with facility renewal funding of \$13.3 million annually, supplemented by periodic additional allocations for renewals totalling \$270 million over the last 10 years.

In addition to providing funding to assist colleges in maintaining their facilities, the Ministry provides capital grants to enhance and expand the physical infrastructure. In recent years, the Ministry provided this funding primarily for new facilities to increase facility capacity to allow colleges to accept more students.

In 2009, the federal government initiated the Knowledge Infrastructure Program (KIP), a two-year infrastructure program for Canadian colleges and universities. At the same time, the 2009 Ontario Budget announced the province would support infrastructure enhancement at colleges and universities. The federal and provincial governments together have provided capital grants to colleges totalling \$300.5 million between the 2006/07 and 2009/10 fiscal years.

Colleges have benefitted from this new-facility capital funding to create short-term employment and to increase student capacity. However, ongoing funding for maintenance of existing facilities has not been sufficient to maintain the aging college infrastructure, and the backlog of deferred maintenance is increasing.

As a result, the Ministry and colleges will continue to face infrastructure challenges. Some of our more significant observations were:

- The Ministry was in the process of implementing a long-term capital planning process but did not have a formal plan in place at the time of our audit for overseeing investment in the colleges' infrastructure.
- Many colleges have not maintained their asset management systems to facilitate effective

capital planning and performance reporting on the condition and use of their capital infrastructure.

- As of April 2010, the deferred maintenance backlog, or the cost to perform needed maintenance and repairs, exceeded \$500 million and has been increasing annually. Data also indicated that more than \$70 million in capital repairs are in the critical category and should be dealt with in the next year.
- As of April 2010, about half of the college system's infrastructure assets were likely in poor condition, as rated according to a recognized industry standard that measures the state of infrastructure.
- Applying the funding guideline of 1.5% to 2.5% of asset replacement cost outlined by the (U.S.) Association of Higher Education Facilities Officers, annual ministry funding to all colleges over the last four fiscal years would have been in the \$80 million to \$135 million range. However, actual capital renewal funding has remained at \$13.3 million annually for many years, and even when the periodic additional funding of \$270 million is included, this adds up to only about half of this guideline amount.
- Administrators at all of the colleges we visited indicated they had to supplement ministry renewal funds with operating funds to help address their most urgent priorities and manage the risk of assets deteriorating prematurely.
- Until very recently, ministry funding decisions often lacked transparency and consistent criteria to evaluate funding requests, and there was insufficient documentation to demonstrate compliance with eligibility criteria.

3.07 INFRASTRUCTURE STIMULUS SPENDING

Like other governments facing the 2008 global economic crisis, the Canadian government adopted economic-stimulus measures, announcing in January 2009 its Economic Action Plan to support infrastructure projects and create jobs. The federal government would provide approximately \$3.45 billion to Ontario for these programs, with matching contributions from the province and eligible recipients—municipalities, First Nations, and not-for-profit organizations—resulting in more than \$8 billion in infrastructure spending across the province.

These programs targeted construction-ready projects that would not otherwise have been built as quickly and required that they be substantially completed by March 31, 2011. Priority was also to be given to those that planned to spend 50% or more of the funds by March 31, 2010, the end of the programs' first year.

Our audit focused on three programs that together accounted for about \$3.9 billion in total federal-provincial short-term infrastructure commitment.

We found that, as of March 31, 2010, less than \$510 million, or only about 16% of the \$3.1 billion that had been committed by the federal and provincial governments, had actually been spent. According to the job-creation model used by the Ministry of Energy and Infrastructure (MEI), the three programs we examined would create and preserve about 44,000 jobs (each job was defined as one person-year of employment). But given the low level of actual spending, only about 7,000 jobs were estimated to have been created or preserved during the first year of the two-year program.

We noted that significant efforts were devoted to establishing the appropriate systems and processes to distribute funds within tight deadlines. However, there were a number of areas where improvements could be made to similar future programs involving tight timelines, including:

- MEI placed no limit on the number of applications that municipalities with populations of more than 100,000 could submit under the largest of the three infrastructure programs. This provided an incentive to submit large numbers of applications in hopes of getting as many approved as possible. For example, four municipalities submitted a total of almost 1,100 applications, accounting for 40% of the applications submitted by the 421 municipalities for this program.
- Due to the tight deadlines, often only one to two days were allotted for the provincial review of a large number of one program's applications, making it unlikely that appropriate due diligence could be carried out.
- Applicants were not required to prioritize their infrastructure needs, and none did in their applications, making it more difficult to assess the benefits of the proposed projects and make informed funding decisions. As well, technical experts were generally not involved in reviewing the reasonableness of project cost estimates and timelines.

After assessment by civil servants, the applications were submitted to the office of Ontario's Minister of Energy and Infrastructure and to his federal counterpart for final review and approval. We noted that there was a general lack of documentation to support the decisions about which projects were approved and which were not. In some cases, ministers' offices approved projects that civil servants had earlier deemed ineligible or about which they had flagged concerns.

Finally, because only 16% of the committed funds had been spent after the first year, many recipients indicated they had to adjust project specifications and cost estimates in the original applications, pay contractors overtime, and sole-source some contracts to try to meet the March 31, 2011 deadline.

3.08 MUNICIPAL PROPERTY ASSESSMENT CORPORATION

The determination of the market value of a property is critical because it ultimately determines how much property tax an owner must pay. In Ontario, this tax is calculated by multiplying a property's assessed market value by the municipal tax rate.

On December 31, 1998, the province transferred the responsibility for determining the assessed value for properties to the Ontario Property Assessment Corporation, later renamed the Municipal Property Assessment Corporation (Corporation). The primary responsibility of the Corporation's 1,600 employees is to prepare an annual assessment roll for each local municipality.

From the perspective of a property owner, it is reasonable to expect that each property will be assessed within a range that is reasonably close to its fair market value—the most likely sale price between a willing buyer and seller. That is also the position of the Corporation and Ontario's Assessment Review Board, the independent tribunal that hears appeals from people who believe their properties are incorrectly assessed or classified.

To get an indication of whether the Corporation's mass-appraisal system achieved this objective, we compared the sale prices of 11,500 properties identified as having been sold at arm's length in 2007 and 2008 to their assessed value as of January 1, 2008. We found that in 1,400 of these cases, or one in eight, the assessed value differed from the sale price by more than 20%. In many cases, the selling price was substantially higher or lower than the property's assessed value.

The Corporation acknowledges that some individual property assessments may not reflect the current or fair-market property-value range as indicated by a sale price. These variations most often occur because it does not have up-to-date property data from a property inspection, nor does it routinely investigate large differences between sale prices and assessed values. As a result, some property owners may be over- or under-assessed,

and therefore pay more or less than their fair share. However, it will be of little solace to property owners who are over-assessed relative to neighbouring properties, and therefore pay more than their fair share of tax, to know that the system got it right for their neighbours but not for them.

More frequent property inspections and timely sales investigations should reduce the differences between assessed values and sale prices. Nevertheless, our discussions with the Association of Municipalities of Ontario indicated that municipalities were generally satisfied with the assessment-roll information the Corporation provides.

We identified a number of areas where improvements are needed with respect to the Corporation's collection of information essential for accurate and consistent property-tax assessments. The significant issues included the following:

- In the 1,400 cases in which we found the sale price differed by more than 20% from the assessed value, the Corporation had not investigated the reasons for these differences or made any adjustments to the assessed value of these properties where warranted.
- We found almost 18,000 building permits with a total value of about \$5.1 billion as of December 31, 2009, for which the Corporation had failed to inspect the corresponding properties within the statutory period for reassessing property and levying tax.
- Although the Corporation's target is to inspect each property in the province at least once every 12 years, the actual inspection cycle would at best be 18 years, assuming current staffing levels and no further growth in the number of residential properties.
- The Corporation began work on a new computer system in 2000, but the system was not yet fully functional, and costs incurred to date exceeded \$50 million, compared to an original budget of \$11.3 million.
- While the Corporation had established good policies for acquiring goods and services, it often did not comply with its own policies.

3.09 NON-HAZARDOUS WASTE DISPOSAL AND DIVERSION

Non-hazardous waste, including non-recyclable and recyclable materials generated by households and businesses, is managed either by disposal or diversion.

Approximately 12.5 million tonnes of non-hazardous waste is generated in Ontario annually. The industrial, commercial, and institutional (IC&I) sector generates about 60% of this waste, and households—the residential sector—generate 40%.

Disposal of non-hazardous waste involves depositing it in landfills, or using such means as incineration. About two-thirds of the province's waste managed through disposal is deposited in landfills in Ontario and most of the remaining waste is shipped to landfills in the United States (mainly in Michigan and New York State). Only about 1% is incinerated. Diversion of non-hazardous waste can be achieved through reducing, reusing, or recycling.

Municipal governments are generally responsible for managing waste generated by the residential sector. The IC&I sector and most multi-unit residential buildings are responsible for managing the waste they produce.

The Ontario government, primarily through the Ministry of the Environment (Ministry), is responsible for setting standards for the management of non-hazardous waste and for enforcing compliance.

Based on the latest information available at the time of our audit, the combined diversion rate of waste generated by the residential and IC&I sectors was about 24%. Ontario ranks sixth among the provinces and is well behind most European jurisdictions, considered leaders in waste diversion. Many of the issues that the government identified in 2004 as keys to achieving its goal of 60% waste diversion by the end of 2008 have yet to be successfully addressed.

Our significant observations included the following:

- Although municipalities' overall diversion rate for residential waste is about 40%, individual

municipalities' diversion rates reported to us varied significantly, from about 20% to more than 60%. This is mainly due to differences in the frequency and quantity of disposable waste collection and in blue box recyclable materials that are collected. Only about 15% of Ontario's municipalities have instituted organic waste-composting programs, which, in total, collect from about 40% of the province's households.

- The IC&I sector generates about 60% of the waste in Ontario, but only manages to divert about 12% of its waste. The Ministry has little assurance that large generators are complying with regulations that require they conduct a waste audit, prepare a waste reduction work plan, and implement programs to source-separate waste for reuse or recycling.
- Organic waste from the residential and IC&I sectors represents almost a third of the total waste generated in Ontario. There is no province-wide organic waste diversion program or target, despite the Ministry's having considered establishing a program as early as 2002.
- One in five municipalities that responded to our survey felt they had insufficient landfill capacity for their residential waste. The existing capacity will diminish more rapidly once export of residential waste to Michigan largely ends after 2010 and an additional million tonnes of household waste previously shipped there is deposited in Ontario landfills each year.
- The Ministry inspects landfills and non-hazardous waste management sites, facilities, and systems to see if they meet conditions outlined in their certificates of approval. But many of these certificates do not reflect changes in standards. In numerous cases, non-compliance with the certificate was noted, but was not followed up in a timely way to ensure that the required actions were taken.

3.10 ORGAN AND TISSUE DONATION AND TRANSPLANTATION

Organ and tissue donation and transplantation can save or enhance lives. In the 2009/10 fiscal year, almost 1,000 organ transplants (from more than 550 donors) were carried out at the eight Ontario hospitals that perform transplants. As of March 31, 2010, more than 1,600 people were waiting for organ transplants in Ontario, with most waiting for a kidney or a liver.

The Trillium Gift of Life Network (Network) was established in 2002 as an agency of the Ministry of Health and Long-Term Care to co-ordinate the donation of organs and tissue, and has a staff of 100. Funding to the Network and transplant hospitals for conducting transplants in the 2009/10 fiscal year was about \$100 million. The Network, along with initiatives undertaken by the Ministry and transplant hospitals, has improved the province's ability to meet organ and tissue transplant needs. However, changes could be made to help reduce the wait times for organs, thus saving lives and improving patients' quality of life. Further, enhanced oversight of organ and tissue transplantation activities would help ensure that patients are consistently prioritized on the wait-list, that the highest priority patient receives the first compatible organ, and that hospitals performing transplants are proficient at doing so.

Our findings included the following:

- 40 hospitals generally do not refer potential donors to the Network despite having the necessary medical technology to maintain organs for transplantation.
- For years many Ontarians signed the donation consent card that came with their driver's licence renewal and kept the card in their wallet. However, this type of consent is not included in the Ministry's consent registry, which is what the Network uses to determine if a potential donor has consented.
- There was a lack of consistent clinical criteria on when hospitals should refer potential donors to the Network, resulting in many referrals that were either made too late or just not made.
- Only 15,000 of the 4 million Ontarians who still have red-and-white health cards had their consent registered with the Ministry (undoubtedly because this required sending a separate form to ServiceOntario), while 1.9 million people with photo health cards had registered (because people are specifically asked as part of the application/renewal process). Further, consent registration rates varied significantly, from under 10% in Toronto to over 40% in Sudbury.
- Hospitals indicated that eligible patients requiring organs were not always referred for transplantation. For example, only 13% of dialysis patients were on a kidney wait-list, and rates varied from only 3% in the Southeast Local Health Integration Network (LHIN) to 16% in the Champlain LHIN.
- There was no periodic independent review of the Network's allocation of organs, and for over 40% of the cases we reviewed, the highest-priority patient did not receive the organ and no reason was documented. Further, kidneys and livers generally stayed in the same region they were donated in, rather than being allocated to the highest-priority patient province-wide. Therefore, for example, 90% of kidney recipients received a kidney within four years in one Ontario region, compared to about nine years in two other Ontario regions.
- Less than 8% of Ontario's tissue needs were met with Ontario tissue, due to a lack of resources to recover, process, and store it. Hospitals therefore purchased tissue, primarily from the United States and Quebec.
- One Ontario hospital performed only six transplants in a year, and although Ontario does not have a minimum number of transplants to ensure proficiency, the U.S. minimum requirement is generally 10.

3.11 SCHOOL SAFETY

A learning environment that is not physically and psychologically safe can adversely affect not only a student's safety but also his or her motivation to learn. The impact of bullying, for example, can be severe: victims may have to deal with such issues as social anxiety, loneliness, physical ailments, low self-esteem, absenteeism, diminished academic performance, depression, and, in extreme cases, thoughts of suicide. A 2009 survey of Ontario students in grades seven through 12 by the Centre for Addiction and Mental Health identified that almost one in three students has been bullied at school and approximately one-quarter of students have bullied others at school.

A number of initiatives have been taken over the last few years to address safety issues in Ontario's schools, including the appointment of the Safe Schools Action Team, made up of safety and education experts, who have been called on to provide recommendations on legislation, policies, and practices. The team's recommendations have been a catalyst for legislative changes and formal policies, training for thousands of school administrators and teachers, the development of communication materials for stakeholders, and increased funding to school boards to implement school safety programs. However, neither the Ministry of Education (Ministry) nor the school boards or schools we visited were collecting sufficient information on whether these initiatives are having an impact on student behaviour. Although the Ministry is in the process of hiring a consultant to develop performance indicators, without such information it is difficult to determine whether the millions of dollars spent have been effective in reducing physical and psychological aggression in schools. Better information on the success of its initiatives would also help the Ministry to allocate funding to the areas of greatest need.

Some of our other key observations are as follows:

- The Ministry allocated \$34 million—about two-thirds of its total annual school safety funding—to two initiatives focused on suspended, expelled, and other high-risk students. Most of this funding was allocated based on total board enrolment rather than on more targeted factors such as the actual number of students needing assistance. The percentage of students that had been suspended in each board ranged from 1% to more than 11% of the student population.
- An evaluation of a program that stations police officers in schools identified an improvement in relationships between students and police. The majority of school administrators we interviewed indicated that having an officer in the school improved school safety and that expansion of such programs should be considered.
- Comparison of provincial and school board data on suspension rates to a recent anonymous provincial survey of students suggests that school administrators are not aware of the extent of serious safety issues in some schools, such as the incidence of students being threatened or injured with a weapon. Most senior safety staff at the school boards we visited, as well as administrators at the schools we visited, said the discrepancy was due to a lack of reporting by students, possibly because of fear of reprisals, and that more needs to be done to facilitate student reporting of incidents.
- The Ministry has established requirements for school boards and schools pertaining to the application of progressive discipline for students who have repeatedly violated school safety policies. Despite significant differences in suspension rates among boards and among schools of boards we visited, neither the Ministry nor the boards we visited had formally analyzed the differences in suspension rates to assess whether progressive discipline policies are being applied consistently across the system.