
CHAPTER FOUR

Follow-up of Recommendations in the 1997 Annual Report

Since 1993 it has been our practice to make specific recommendations for corrective action by ministries and agencies, and two years after publication of the recommendations in our Annual Report to follow up on the status of action taken. This chapter provides some background on the audits comprising the Value for Money Chapter of our *1997 Annual Report* as well as the current status of implementing the recommendations made. We are pleased that in many cases our recommendations have been either fully or substantially implemented. However, in several cases, progress has been slow or is ongoing. In cases where the recommendations have not been implemented, or are still in the process of implementation, a brief description of the current status of action taken by the ministries is provided.

Ministry of the Attorney General: Courts Administration Program — 3.01

BACKGROUND

The Courts Administration Program supports the operations of the court system through a network of about 250 courthouses. The Program includes the provision of courtroom staff such as clerks, interpreters, and reporters; the preparation of enforcement documentation and enforcing orders, and the maintenance of court records and files; the provision of support services such as trial coordination, court statistics, case flow management and information technology; and the collection of fines.

In 1997 we assessed whether procedures were in place to ensure that the Program's resources were managed with due regard for economy and efficiency; to measure and report on the effectiveness of the Program's contribution toward achieving the Ministry's goal of becoming a modern, more accessible and more effective justice system; and to ensure proper control over the collection of fines.

CURRENT STATUS OF RECOMMENDATIONS

The status of actions taken on our recommendations is as follows:

ACCOUNTABILITY

Recommendation

To help the justice system function more effectively, the Ministry and the Judiciary should ensure that reform of the management of court services clearly establishes accountability and responsibility for achieving desired results.

Current Status

A project steering committee is currently finalizing proposals for governance structures, reporting mechanisms and organizational structures. The Ministry is continuing its consultation with the Judiciary to develop accountability mechanisms.

According to the Ministry, the implementation of case management will support these mechanisms.

BACKLOGS

Recommendation

To more effectively deal with backlogs, the Ministry should work with the Judiciary:

- *to systematically collect and analyze information on the progress of court cases, such as the amount of time taken by each stage of a case and the reasons for the delays; and*
- *to develop approaches for making use of that information in monitoring and preventing delays.*

Current Status

The Ministry has taken two approaches to resolve the backlog of pending cases. In the short term, the Ministry conducted a blitz in the six most clogged courts with the cooperation of those involved in the process. The Ministry reports that the total number of charges pending has been reduced by 27.5 % from November 1996 to November 1998, and, in the six backlogged sites, the charges pending over eight months have been reduced by 53%. For the long term, the Criminal Justice Review Committee released a report in early 1999 which recommended practical solutions to increase the efficiency of the criminal courts, further reduce the delay in bringing matters to trial and shorten trials.

CASE INFORMATION

Recommendation

Given that the Integrated Justice Technology Project is not expected to produce better information for a number of years, the Ministry should work together with the Judiciary in the interim to identify what information is necessary and can be provided to the courts to improve case flow and case management.

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Current Status

In the interim, Court Services Division developed case flow management systems for Toronto and Ottawa. These systems are used to assist with scheduling and to record information of cases, parties/lawyers, documents, events, time standards (deadlines for stages of litigation) and historical information (an amalgamation of all the above information).

The Integrated Justice Project is scheduled to commence implementation of a province-wide case management system in late 1999 and is expected to be complete in 2001.

FINANCIAL INFORMATION

Recommendation

To improve financial information for resource management, planning and decision making, the Ministry should:

- *establish costing benchmarks and collect information for assessing the economy and efficiency of its services and activities; and*
- *work with participants in the justice system to determine what information is needed to assess the costs of achieving desired results and how it could be collected.*

In addition, the Ministry should include a component for collecting cost information in its system development initiatives.

Current Status

A management information system project was established to ensure that necessary management information tools are in place to support the legal system in future. To date, a Financial Information Tool, a Salary Management System, and executive Management Information Report and Business Intelligence software products have been implemented.

The Ministry indicated it has implemented a costing benchmark to account for the acquisition and usage of information technology.

MEASURING AND REPORTING ON PROGRAM EFFECTIVENESS

Recommendation

The Ministry, together with the Judiciary, should improve the measures of effectiveness which contribute to a modern, more accessible and more effective justice system by:

- *determining which of the effectiveness attributes are most relevant for its operations; and*
- *developing program-specific performance indicators and targets against which the achievement of results can be measured.*

Current Status

Various measures are being developed at corporate and program levels by the Judiciary and other stakeholders on an ongoing basis. The Ministry indicated that such measures will be

accompanied by indicators and targets to monitor progress and reflect how well the Ministry meets its performance objectives.

COLLECTION OF FINES – TIMELINESS OF COLLECTION

Recommendation

To help ensure that fines are promptly collected, the Ministry should work with the Central Collection Service:

- *to clearly establish the roles and responsibilities for monitoring the collection of fines in its Memorandum of Understanding with the Central Collection Service; and*
- *to improve procedures so that overdue fines can be more promptly transferred.*

Current Status

To date, the Ministry has entered into a service level agreement with a new unit, the Collection Management Unit, which manages five private collection agencies' collection of outstanding *Criminal Code* and *Provincial Offences Act* fines. A new information system is to be implemented by the Collection Management Unit to improve the current reporting limitations.

COLLECTION OF FINES – INFORMATION ON OVERDUE ACCOUNTS

Recommendation

To improve the collection of fines, the Ministry should modify its system for tracking fines so that fines can be identified both by case number and the identity of the person owing the fine.

Current Status

The Ministry is currently developing a new criminal case management system which includes a specification that allows charges to be tracked by individual.

COLLECTION OF FINES – ENFORCEMENT MEASURES

Recommendation

To improve the rate of fine collection, the Ministry should work with the Central Collection Service to assess the merits of implementing measures to more vigorously pursue overdue fines.

Current Status

The transfer of the Ministry's fine collection activity together with the administration of the *Provincial Offences Act* to municipalities commenced in March, 1999. The Ministry will explore options and recommendations for collecting the remaining \$65,000,000 through a review of best practices in other jurisdictions.

4.00

Ministry of Citizenship, Culture and Recreation:

Culture Activity — 3.02

BACKGROUND

The cultural activities of the Ministry of Citizenship, Culture and Recreation are designed to encourage the arts, support cultural industries, preserve Ontario's heritage, and advance the public library system. The Culture Division oversees cultural agencies and is responsible for the development of policies and the operation of programs in support of the arts, heritage, cultural industries and libraries.

In 1997 we assessed whether the Division had adequate procedures in place to ensure that cultural resources were managed with due regard for economy and efficiency. We also assessed whether the Division held cultural agencies accountable for their expenditure of public funds and whether procedures to measure and report on the effectiveness of cultural activities were adequate.

CURRENT STATUS OF RECOMMENDATIONS

Recommendations relating to the following matters have been substantially implemented: program delivery, grant monitoring, library sector funding, library services review, agency accountability, the planning process and performance measurement and reporting.

With respect to our other recommendations, the status of action taken is as follows:

GRANT ELIGIBILITY

Recommendation

In order to ensure that only eligible recipients and costs are funded, the Ministry should establish procedures to ensure compliance with the requirements of the legislation and ministry policy.

Current Status

Our concerns regarding grant eligibility for cultural project grants have been substantially addressed. The Ministry is in the process of implementing our recommendation regarding grant eligibility as it relates to grants to community museums.

In the 1998/99 fiscal year, requests for funding from three museums were rejected due to noncompliance with the eligibility criteria and a further 23 museums had their grants reduced. In the 1999/2000 fiscal year, all museums will be measured against the *Standards for Community Museums*. Action will be taken to discontinue funding museums that fail to meet the standards. The Ministry has also undertaken to revise the program in 2000/2001 in consultation with the museum community.

PROGRAM FUNDING

Recommendation

To ensure that program funding is allocated on a more reasonable and equitable basis, the Ministry should periodically review the methods of funding and revise them where necessary.

Current Status

Our concerns regarding funding for cultural project grants have been substantially addressed. The Ministry is in the process of implementing our recommendation regarding program funding as it relates to grants to community museums. Through consultations with the museum community, the Ministry will be revising the program. The revised program will address inconsistencies in the allocation of funding and include rigorous measurement against updated standards. The revised grant program is scheduled to be implemented in the 2000/2001 fiscal year.

4.00

Ministry of Community and Social Services: Child and Family Intervention Program — 3.03

BACKGROUND

The Child and Family Intervention (CFI) program of the Ministry of Community and Social Services provides for a range of services designed to alleviate social, emotional and/or behavioral problems experienced by children and their families. Under provisions of the *Child and Family Services Act*, the program provides transfer payments to approximately 200 community-based agencies that deliver such services as psychiatric therapy, counseling, skills training and education, as well as residential services to children who require more intensive assistance. For the 1996/97 fiscal year, the Ministry's total funding of children's services was approximately \$1.3 billion, of which \$189 million related to the CFI program.

Our 1997 audit assessed whether the Ministry's administrative procedures were adequate to ensure that transfer payments to agencies were reasonable and satisfactorily controlled and whether the quality of services provided was monitored and assessed.

We found that the Ministry's administrative procedures required significant improvements to ensure that transfer payments to agencies are reasonable and satisfactorily controlled and the quality of services provided is monitored and assessed. As a result, we made a number of recommendations for improvements.

CURRENT STATUS OF RECOMMENDATIONS

The Ministry has made only limited progress toward implementing our recommendations. The status of the actions taken with respect to each recommendation is as detailed below.

AGENCY FUNDING AND BUDGET REQUESTS

Recommendation

To help provide an appropriate basis for making funding decisions and to help ascertain whether taxpayers' money is spent prudently, the Ministry should ensure that all agencies include sufficiently detailed and relevant information in their program budget submissions.

Current Status

The Ministry advised us that minimum expectations for service design features had been developed and distributed to area offices in January 1998.

However, for the 1998/99 budget year, an internal review found that approximately two thirds of the agency budget requests had either not been received or had not been reviewed and approved by early 1999. This diminishes the value of any additional information that may have been received.

PROGRAM COST COMPARISONS

Recommendation

In order to help ensure that program funding is reasonable and appropriate for the services provided, the Ministry should:

- *obtain sufficiently detailed information to establish criteria to assess program comparability; and*
- *compare the costs of similar programs across the province. Significant cost variations should then be explained and justified.*

Current Status

We were advised that a ministry research study on how resources were being used was completed in January 1998. An advisory group of stakeholders reviewed the findings and recommendations of the research study and issued its final report in December 1998. Both the original research study and the advisory group's final report is being reviewed by the Children's Services Branch, after which the formal ministry approval process will begin.

ANNUAL PROGRAM EXPENDITURE RECONCILIATIONS

Recommendation

To improve the effectiveness of the expenditure reconciliation process in assessing the reasonableness of expenditures and in supporting future funding decisions, the Ministry should ensure that the information submitted in the Annual Program Expenditure

Reconciliations (APERs) and audited financial statements is sufficiently detailed to identify inappropriate or ineligible expenditures.

Current Status

The Ministry has given direction to its area offices with respect to the interpretation of and adherence to policies relating to APERs. This also included enhanced accountability for, and timely completion of, APERs.

We were advised by the Ministry that, provincially, approximately 90% of the 1997/98 APERs had been completed by July 1999.

SURPLUS RECOVERY

Recommendation

The Ministry should review the agency funding arrangements that result in year-end expenditure surpluses and establish more effective procedures to recover these surpluses where appropriate.

Current Status

The Ministry's area offices have automated the APER status reports. In addition, ongoing support is provided to area offices with respect to the recovery and reallocation of surpluses according to local program needs. However, the Ministry was unable to provide us with information with respect to surplus amounts recoverable, recovered and outstanding from agencies by fiscal year.

PERFORMANCE MEASUREMENT

Recommendation

To improve the effectiveness of the Child and Family Intervention program, the Ministry should implement and monitor outcome indicators, some of which have already been developed.

Current Status

In January 1999, the Ministry issued draft guidelines for developing program-level performance measures. These measures were being revised based on feedback received from staff orientation/review sessions. The Ministry expected revised guidelines to be approved during 1999 and widely distributed thereafter.

QUALITY OF SERVICE

Recommendation

To help ensure that services provided by agencies are of an acceptable quality and represent value for money spent, the Ministry should establish standards for acceptable service quality and criteria for evaluation and periodically evaluate service quality with a view to identifying required corrective actions.

Current Status

The Ministry has developed draft guidelines for developing program-level performance measures articulating how performance measures are to be integrated into service contracts and setting out roles and responsibilities for collecting and reporting data. The draft guidelines were being reviewed and the Ministry expected them to be approved during 1999.

MANAGEMENT INFORMATION

Recommendation

The Ministry should ensure that it obtains the information necessary to determine whether services are provided cost effectively.

Current Status

The implementation of the Services Management Information System (SMIS) was completed in November 1997 for all area offices and in August 1998 for the corporate offices. This system allows for the timely input and retrieval of data about the services provided by all of the Ministry's transfer payment agencies.

The Ministry was aware of the need for staff training on the new system and was surveying users' needs in order to develop and implement an appropriate training program in 1999/2000.

PROFESSIONAL SERVICES

Recommendation

To help ensure that agency payments for the professional services of psychologists and psychiatrists are reasonable and consistent, the Ministry should establish guidelines for agencies to follow when paying for such services.

Current Status

The Ministry's information systems lacked the necessary detail for determining what constitutes reasonable and consistent payment for professional services provided to agencies. We were advised that the Ministry intends to test various approaches for improved data collection to assist in the establishment of guidelines for agencies to follow when paying for professional services.

Ministry of Community and Social Services:

Transfer Payment Agency Accountability and Governance — 3.04

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BACKGROUND

The Ministry of Community and Social Services plans and arranges for a wide variety of social services throughout Ontario, including services for children and families, young offenders and persons with developmental or physical disabilities. In most instances, the Ministry does not deliver services itself. Instead, it provides strategic direction and annual funding for service planning and delivery to approximately 3,400 community-based mostly non-profit agencies. Ministry transfers to all of its agencies for the 1996/97 fiscal year were estimated at \$2.1 billion.

Our 1997 audit assessed whether the Ministry had established and communicated to its transfer payment recipient agencies reasonable expectations for their accountability to the Ministry as well as for agency governance. As well, we assessed whether the Ministry had procedures in place to determine whether transfer payment recipient agencies were meeting the Ministry's expectations.

We found that the Ministry needed to significantly improve transfer payment agency accountability and encourage effective agency governance. As a result, we made a number of recommendations for improvements.

CURRENT STATUS OF RECOMMENDATIONS

The Ministry's work toward implementing our recommendations is in its early stages. The Ministry approved a Governance and Accountability Framework for transfer payment agencies (and municipal service providers) in June 1999. A cross-ministry project team has been established to implement the Framework, which deals with the spectrum of governance, accountability and service outcome issues discussed below. The Ministry expects detailed plans for implementing the first stages of the Framework to be put in place during 1999/2000. The status of the actions taken with respect to each of our recommendations is as detailed below.

SERVICE OUTCOMES

Recommendation

In order to help determine whether services provided by transfer payment agencies are effective, appropriate and represent value for money spent, the Ministry should, where practical, establish measurable and meaningful service outcomes. In cases where it is not practical to establish such service outcomes, the Ministry should establish appropriate service expectations and criteria for performance evaluation.

The Ministry should then periodically assess service outcomes or alternatively service quality and take corrective action where necessary.

Current Status

We were advised that the Ministry has a number of initiatives under way which, when completed, should result in measurable service outcomes. For example:

- Under child welfare reform, preliminary work was in progress to collect data on two selected client outcome indicators from Children's Aid Societies. With the development of a comprehensive provincial information system, service and client outcome performance indicators will be collected on a regular basis.
- As part of the approved service delivery model for its Business Transformation Project, key performance indicators will be developed which will link legislation and regulations to program objectives and standards.
- Under the Ministry's Making Services Work for People initiative, provincial service standards are to be implemented across the province by April 1, 2000.

AGENCY FUNDING REQUESTS AND APPROVALS

Recommendation

In order to help ensure that service funding is equitable and appropriate for each agency, the Ministry should:

- *critically assess requests for funding and ensure that the amounts approved are commensurate with the demand for and value of the underlying services to be provided; and*
- *review and approve budget requests on a more timely basis.*

Current Status

The Ministry had a number of initiatives under way whose purposes, among other things, were to develop funding benchmarks which more closely relate funding to the need for and value of the underlying services to be received. While progress on these initiatives was in varying stages of completion, none had been completed and/or implemented at the time of our follow-up.

ANNUAL PROGRAM EXPENDITURES RECONCILIATIONS

Recommendation

In order to improve the effectiveness of the Ministry's Annual Program Expenditure Reconciliation process and obtain useful information for the subsequent year's funding decisions, the Ministry should:

- *ensure that both the Annual Program Expenditure Reconciliations and audited agency financial statements contain sufficiently detailed and comparable information to allow detection of ineligible or inappropriate expenditure items; and*

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- *review and appropriately act on all Annual Program Expenditure Reconciliation results on a more timely basis.*

Current Status

For the 1999/2000 fiscal year, the Ministry intends to incorporate the Annual Program Expenditure Reconciliation (APER) package with the agency budget request package for the following year. The Ministry expects that this will help ensure that sufficiently detailed APER information is received and that APERs are completed in a timely manner.

OTHER ACCOUNTABILITY REQUIREMENTS

Recommendation

In order to help ensure that it effectively establishes and manages services delivered by transfer payment agencies, the Ministry should:

- *define its service management roles and responsibilities in a way that allows it to effectively establish and monitor service delivery; and*
- *obtain and analyze the information necessary for effective service management.*

Current Status

The Ministry was developing an information technology strategy to address its business directions for the next three years. The final report on this strategy was submitted to the Ministry's Business Planning and Allocation Committee and distributed throughout the Ministry in January 1999.

In addition, the Service Management Information System has been implemented. This system automates the transfer payment process and provides a mechanism for monitoring contract performance and for tracking and assessing program performance measures when established.

The Ministry also expected to implement the Child Welfare Information system during 1999.

AGENCY GOVERNANCE

Recommendation

In order to enhance the reliance the Ministry is able to place on transfer payment agencies' governance and service delivery, the Ministry should:

- *establish its expectations for the roles and responsibilities of boards of directors in the overall service systems management process and their accountability to the Ministry; and*
- *provide guidance on operating policies and procedures necessary for meeting the Ministry's program objectives economically, efficiently and effectively.*

Current Status

The Ministry approved a Governance and Accountability Framework for transfer payment agencies in June 1999. The Ministry expects that detailed plans for implementing the framework will be put in place during 1999/2000.

For child welfare agencies, the Ministry intends to set requirements for mandatory board training and development, including requirements to report on participation in board training programs and events. The Ministry intends to specify expectations concerning the composition of boards of directors.

Ministry of Community and Social Services: Young Offender Services Program — 3.05

BACKGROUND

The Young Offender Services program is administered by the Ministry of Community and Social Services under the authority of the provincial *Child and Family Services Act* and Regulations. The program provides services primarily to youths aged 12 to 15 years who are charged under the federal *Young Offenders Act* with a *Criminal Code of Canada* offence or under the *Provincial Offences Act*. The objective of the Ministry's Young Offender Services program is to protect society through a combination of programs that provide for the safety and security of offenders, and to actively assist, support and encourage the offenders to become law-abiding citizens.

For the 1996/97 fiscal year, the Ministry spent \$127 million on young offender services, including \$79 million in transfer payments to approximately 100 agencies. The federal government contributed approximately \$24 million toward these costs under the provisions of the Young Offenders Cost Sharing Agreement.

Our 1997 audit assessed whether the Ministry's procedures were adequate to ensure that legislative and judicial requirements and program policies and procedures were complied with and whether the program was being delivered with due regard for economy, efficiency and effectiveness.

We found that the Ministry's administrative procedures required strengthening to ensure compliance with legislative and judicial requirements and program policies and procedures. As well, we found that improvements were needed in several areas to ensure that the program was being delivered with due regard for economy, efficiency and effectiveness. As a result, we made a number of recommendations for improvements.

CURRENT STATUS OF RECOMMENDATIONS

The Ministry has substantially implemented our recommendations relating to the following areas:

- Case Management;
- Compliance with Court Orders; and

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- Licensing of Residential Facilities.

However, the Ministry had made only limited progress with respect to the following recommendations.

BRING FORWARD NOTES

Recommendation

In order to help ensure that all the required documentation needed to perform an effective case management function is prepared and updated in a timely manner, the Ministry should remind its probation officers that:

- *although optional, the bring forward feature on the Young Offenders Strategic Information System should be used to monitor risk/needs assessment and case management plan due dates; and*
- *outstanding bring forward notes should be cleared on a timely basis.*

Current Status

Staff have been trained on the Young Offender Strategic Information System, including the bring forward notes function. However, a ministry review found that there was no improvement in required updates as the system indicated that a number of required updates were overdue.

CASE FILE REVIEW

Recommendation

To ensure that ministry policy is followed, and that probation officers perform their duties satisfactorily, the Ministry should require probation supervisors to review a representative sample of young offender files for each probation officer and adequately and consistently document the results of their reviews.

Current Status

The Ministry has developed a standard checklist to assist probation officers in documenting their case files and probation supervisors in monitoring the probation officer's duties. The Ministry now requires supervisors to conduct monthly reviews of the officers' work to ensure compliance to Young Offender Services Manual standards. However, an internal review of files at three area offices found that the required monthly reviews of the probation officer's work were not always completed.

AGENCY ACCOUNTABILITY AND AGENCY FUNDING

Recommendation

In order to help ensure that total program funding and subsequent expenditures are reasonable and appropriate, the Ministry should assess the reasonableness of all funding requests and compare the costs of similar programs. Significant cost variations should then be explained and justified before funding is approved.

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Current Status

The Ministry was working on a Children's Levels of Support project to develop and make recommendations regarding provincial benchmarks for direct-care staffing levels and to develop a model to estimate unit cost of service for direct-care and program management components of residential services. The Ministry expected to complete the project in the fall of 1999, after which it intends to begin the formal ministry approval process.

ANNUAL PROGRAM EXPENDITURE RECONCILIATION

Recommendation

In order to improve the effectiveness of the expenditure reconciliation process in assessing the reasonableness of expenditures and in supporting future funding decisions, the Ministry should ensure that:

- *the information submitted in the Annual Program Expenditure Reconciliations and the audited financial statements is sufficiently detailed to permit a more meaningful review; and*
- *all agency Annual Program Expenditure Reconciliations and audited financial statements are received, reviewed and approved on a timely basis*

Current Status

We understand that the Annual Program Expenditure Reconciliation (APER) form and instructions were updated in June 1998 to reflect financial policy changes and improve clarity. In addition, the Ministry advised us that as of July 1999, on a provincial basis, approximately 90% of the 1997/98 APERS had been completed and signed off.

SURPLUS RECOVERY

Recommendation

The Ministry should review the agency funding arrangements that result in year-end expenditure surpluses and establish procedures to recover these surpluses.

Current Status

The Ministry's head office was providing ongoing support to area offices with respect to the recovery and reallocation of surpluses according to local program needs. However, the Ministry was unable to provide us with information with respect to surplus amounts recoverable, recovered and outstanding from agencies by fiscal year.

PROGRAM EFFECTIVENESS

Recommendation

In order to determine whether the Young Offender Services program is effective, the Ministry should implement and monitor the outcome indicators already developed. If considered feasible, this evaluation should also include measuring the success of the various programs in rehabilitating young offenders over the long term.

Current Status

We were advised that the Ministry has reviewed program-level performance measures in other jurisdictions and has drafted guidelines for developing further program-level measures across ministry program sectors.

In addition, baseline data related to service outcomes has been collected from area offices and will be reviewed to identify key issues during 1999/2000. The Ministry expected an interim report on ministry recidivism findings to be completed later this year.

STAFFING

Recommendation

To better assess the reasonableness of staffing levels, especially in light of the many program policy changes since 1990, the Ministry should establish a more current workload expectation.

Current Status

We understand that the Ministry has conducted pilot probation compliance reviews which were completed in December 1998. The purpose of these reviews was to help streamline administrative expectations through updated documentation standards. The results were summarized and reviewed in February 1999. Based on the reviews, the Ministry expected a complete implementation plan and revised tools to be developed for approval in the fall of 1999.

An internal review found that current caseloads were still high, ranging from 55 to 91 cases per full-time-equivalent position.

Ministry of Education and Training: Ontario Student Assistance Program — 3.06

BACKGROUND

The Ontario Student Assistance Program is a federally and provincially funded program that provides needs-based financial assistance to students to enable them to attend an approved postsecondary institution. Provincial financial assistance to students is provided primarily through loans under the Ontario Student Loans program. As of March 31, 1997, some 438,000 Ontario Student Loans totalling \$2,195 million were guaranteed to financial institutions by the province. About 32%, or \$714 million, was loaned to students who had completed their studies and were repaying their loans. It was expected that approximately \$800 million, or over half of the remaining loans, would be forgiven in the future. Program expenditures for the 1996/97 fiscal year were \$335 million.

In 1997, our audit objectives included assessing whether adequate systems and procedures were in place to ensure that the Program was being delivered economically, efficiently and in accordance with its legislated authority and approved policies and guidelines.

As of June 1999, the Program is being administered by the Ministry of Training, Colleges and Universities.

CURRENT STATUS OF RECOMMENDATIONS

Although few of our recommendations have been fully implemented, the Ministry had taken several significant actions to address them. The Ministry expects that these initiatives, once they are fully implemented, will result in:

- better oversight of the program delivery activities of postsecondary institutions by the Ministry;
- better verification of the information provided by students in their applications for assistance;
- greater assurance that payments to financial institutions are appropriate; and
- more accountability for student assistance and postsecondary programs.

Several new measures had been introduced to reduce loan defaults and improve collection efforts and results. It was too early to assess whether these measures will be sufficient to significantly improve default rates and collection results.

Significant actions taken and planned by the Ministry on our recommendations are as follows:

CONTROLS OVER POSTSECONDARY INSTITUTIONS

Recommendation

In order to improve the way postsecondary institutions deliver key aspects of the Ontario Student Assistance Program, the Ministry should:

- *establish agreements with approved postsecondary institutions that set out mutual responsibilities and appropriate accountability and reporting requirements;*
- *develop a program for inspecting postsecondary institutions based on analyses of the risk of abuse by students or institutions;*
- *perform regular audits in order to identify postsecondary institutions that do not adhere to program requirements or abuse the program; and*
- *establish appropriate disciplinary measures for institutions that do not meet requirements.*

Current Status

Performance agreements had been established with all private vocational schools, including external compliance audit requirements and the disciplinary actions the Ministry may take when schools fail to comply with program requirements. Similar arrangements had also been established with colleges of applied arts and technology and negotiations were in progress with

universities. Independent testing of private vocational schools for compliance with program requirements began in 1998.

APPLICATIONS ADMINISTRATION

DETERMINING LOAN ENTITLEMENT AMOUNTS

Recommendation

In order to ensure that loan entitlements are properly determined, the Ministry should:

- *update needs assessment criteria to use more recent federal information;*
- *give due consideration to student and spousal assets when calculating loan entitlements; and*
- *require explanations from applicants who report personal and spousal incomes below a specified level.*

Current Status

Our recommendation for determining loan entitlement amounts had been substantially implemented.

CHILD CARE SUPPORT

Recommendation

To improve controls over bursary payments and in particular child care support, the Ministry should:

- *revise procedures and system controls to ensure that child care support is not provided to students who fail to submit receipts; and*
- *establish appropriate reporting and monitoring procedures for bursary funds managed by postsecondary institutions' financial aid offices.*

Current Status

New guidelines for administering child care support by postsecondary institutions had been established, including a requirement that students submit appropriate receipts for child care expenses. In addition, audits of child care bursaries administration were completed at one college and one university in March 1998. Regular audits were being negotiated as a component of the accountability arrangements contemplated for colleges of applied arts and technology and for universities.

VERIFICATION OF INCOMES WITH REVENUE CANADA INFORMATION

Recommendation

In order to enhance the effectiveness of using Revenue Canada income tax information to verify incomes, the Ministry should:

- *revise its needs assessment criteria and applications to include consideration and reporting of a student's income for both the prior year and the 16 weeks prior to starting school; and*

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- *investigate students with significant discrepancies between incomes reported to Revenue Canada and the Ministry and consider more severe actions against those students, such as requiring immediate repayment of loans or, in cases of gross misrepresentation, taking legal action.*

To reduce the risk of overpayments under the Loan Forgiveness Program, income verification should be done on a more timely basis and forgiveness should not be authorized until income verification has been completed.

Current Status

Procedures had been established to ensure that income verification is done on a regular annual basis using Revenue Canada data. Applicants are now required to report their income for the prior year, as well as the 16 weeks prior to starting school. Effective the 1998-99 academic year, students with large income discrepancies in previous years are ineligible for further support.

For loans issued after July 1998, the Loan Forgiveness Program was replaced with the Ontario Student Opportunities Grant. The new program pays grants to reduce a student's loan to a specified maximum per year after the student successfully completes their academic year. The Loan Forgiveness Program required students to enter into repayment arrangements with their lenders within six months of completing their studies. Therefore, the risk that students may receive loan forgiveness before their income has been verified or before they have entered into a repayment arrangement will be removed once the program is phased out.

ADDITIONAL VERIFICATION MEASURES

Recommendation

In order to enhance controls over eligibility and needs verification, the Ministry should investigate the costs and benefits of establishing data linkages with other information databases.

Current Status

Data linkages with the Ministry of Community and Social Services had been established on a pilot basis for identifying students inappropriately receiving both student and social assistance support. We were advised that a permanent linkage was planned for the 1999/00 fiscal year. The Ministry was also in the process of obtaining access to driver licence information from the Ministry of Transportation.

FINANCIAL MANAGEMENT

AGREEMENTS AND PROCEDURES WITH FINANCIAL INSTITUTIONS

Recommendation

In order to improve payment processing efficiency and to formalize relationships with financial institutions, the Ministry should:

- *establish plans, timetables and commitments for reducing backlogs to a more manageable level;*

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- *negotiate formal agreements with the financial institutions for implementing the new automated financial arrangements and for clarifying program delivery expectations; and*
 - *track the achievement of the benefits arising from the proposed Electronic Data Interchange arrangements with the financial institutions.*

Current Status

Several systems and procedural changes were implemented to address its backlog of over 150,000 documents rejected by the Ministry's automated processing systems. As of February 28, 1999, the Ministry advised us that there were approximately 125,000 documents backlogged, which was significantly less than there would have been had these initiatives not been taken. Further reductions will be possible once all major lenders agree to implement full electronic data interchange with the Ministry.

PAYMENT SYSTEM WEAKNESSES

Recommendation

In order to better ensure that payments to financial institutions are appropriate, the Ministry should:

- *determine and correct differences in important information on its two major databases and examine options for better integrating its two databases to avoid differences arising in future;*
- *ensure that complete information is received on the actual amounts that students obtained for Canada Student Loans; and*
- *ensure that systems and procedures for processing forgiveness payments comply with legislation.*

The Ministry should also obtain the actual amounts of Canada Student Loans issued in the last three years in order to determine and recover overpayments of loan forgiveness.

Current Status

Key elements of the Ministry's two systems were integrated in October 1997. As a result, new data is entered once to update both databases. The Ministry's efforts to require banks to reconcile their loans data should result in improvements in the accuracy of the database once all lenders are completed.

Lenders are now required to provide the actual amount of Canada Student Loans negotiated to the Ministry. However, according to the Ministry, neither the federal government nor lenders could provide the information in a format needed to calculate the potential value of loan forgiveness overpayments made based on authorized rather than actual loans issued. Thus, the Ministry was unable to recover the estimated \$5 million annually that was overpaid under the Loan Forgiveness Program. As stated earlier, the Loan Forgiveness Program has been replaced.

DEFAULTED STUDENT LOANS

Recommendation

In order to reduce the losses arising from defaulted student loans, the Ministry should:

- *ensure that systems are in place to promptly process defaulted claims and expeditiously transfer delinquent accounts to the private collection agencies, once selected; and*
- *examine options used in other jurisdictions both to improve collection and to reduce the risk and cost of defaulted student loans.*

Current Status

Delays occurred in making arrangements with private collection agencies so that the transfer of defaulted claims did not begin until January 1999. All claims received by the Ministry by March 31, 1999 had been transferred to private collection agencies and claims were being transferred promptly thereafter. Since October 31, 1997, the value of claims processed by the Ministry had increased by approximately 250% from \$99 million (45,000 claims) to \$353 million (94,000 claims) as of March 31, 1999.

The Ministry introduced several new measures to improve collections and reduce default claims including:

- performing credit checks on applicants;
- reporting delinquent payers to credit bureaus;
- publicly reporting loan default rates for each postsecondary institution and requiring them to reimburse the Ministry for the cost of loan defaults in excess of a set threshold (for the 1999/00 academic year, the threshold is set at 10 percentage points above the provincial average); and
- through an arrangement with Revenue Canada, seizing income tax refunds for payers in default commencing with the 1998 tax year.

In addition, changes to federal bankruptcy legislation, enacted in 1998, prohibit borrowers from discharging their student loans through bankruptcy until 10 years after the completion of studies.

The Ministry's efforts to negotiate with lenders an income contingent loan repayment program for the fall of 1998 were not successful. Hence no formal agreements with lenders were established and no arrangements were made with lenders to share the risk and cost of defaulting student loans. New negotiations with lenders are expected to resume shortly under the harmonized federal and provincial student loans programs being introduced in the 2000/01 academic year.

PERFORMANCE REPORTING

Recommendation

To improve accountability, the Ministry should develop and regularly report performance measures to evaluate the efficiency and effectiveness of the Ontario Student Assistance Program and achievement of business plans.

To facilitate policy and decision making, information on how student assistance programs interrelate with other government policies and compare to student support levels provided by other jurisdictions should also be reported.

Current Status

The Ministry introduced several performance measures as part of its annual business plan for postsecondary education, covering accessibility, graduation rates and default rates for student types, educational institutions and individual programs of study. Plans for harmonizing the federal and provincial student assistance programs will in future allow the Ministry to compare these performance measures, as well as new measures on student indebtedness and ability to pay, with those of other jurisdictions.

Since 1997, the Ministry annually reports the Ontario Student Loans default rates for each postsecondary institution in Ontario. For 1996, 1997 and 1998, the Ministry calculated the overall loan default rate as 18.6%, 23.5% and 22.1% respectively. In 1997/98 the Ministry set a target to reduce the overall default rate to 10% over the next five years.

The Ministry also monitors a limited number of efficiency indicators for processing applications and customer service.

4.00

Ministry of Environment and Energy: Conservation and Prevention Division — 3.07

BACKGROUND

In 1997 we assessed whether satisfactory procedures were in place to measure and report on the performance of the Conservation and Prevention Division in contributing to the effectiveness of the Ministry in protecting the environment and human health.

The Division was responsible for:

- promoting the reduction of waste and pollutants and the conservation of energy and water;
- programs facilitating environmental issues regarding land use and economic development issues; and
- the provision of funding to municipalities for water and sewage projects.

Since our review in 1997, the Ministry has been reorganized. The responsibilities of the former Conservation and Prevention Division are now shared among three Divisions.

CURRENT STATUS OF RECOMMENDATIONS

Our recommendations concerning the following were substantially implemented:

- Effectiveness of Waste Reduction (with regard to reporting and measuring effectiveness); and

-
- Funding for Water and Sewage Projects.

With respect to other recommendations, the status of the action taken was as follows:

EFFECTIVENESS OF WASTE REDUCTION

Recommendation

To be more effective in meeting the provincial waste reduction goal, the Ministry should incorporate the provincial goal in the Waste Reduction Branch business plan to guide all waste reduction activities.

Current Status

The Ministry indicated that it was committed to the goal of achieving a 50% waste reduction. The inclusion of the goal was being finalized in the Waste Management Policy Branch business plan at the time of our follow-up.

RECYCLING (BLUE BOX) PROGRAM

Recommendation

To ensure that the Blue Box Program is sustainable, the Ministry should work with municipalities to reduce the costs of collecting and processing recycled materials.

Current Status

The Ministry has been negotiating with industries benefiting from the Blue Box Program to obtain their financial support in reducing the costs to municipalities. In addition, the Ministry has proposed the establishment of an organization consisting of participating industries, the municipal sector and non-government organizations, with the intention of developing options to reduce the cost of their recycling programs and fund initiatives to increase waste diversion.

COSTS AND BENEFITS OF RECYCLING

Recommendation

The Ministry should work with municipalities to adopt the use of full costing for assessing the most cost-effective method for the disposal of waste in their communities.

Current Status

The Ministry indicated that recent municipal amalgamations and reallocations of responsibility under the “Who Does What” initiative have created an environment more conducive to full cost accounting methods. The Ministry has been working with several interested municipalities to encourage the use of full cost accounting for assessing the costs of their waste management systems and for improving the efficiency and effectiveness of those systems.

COMPLIANCE WITH LEGISLATION

Recommendation

The Ministry should expedite its review of the legislation regarding refillable soft drink containers and at the same time work with the industry to develop a practical solution to address the concerns of the municipalities.

Current Status

In 1997 we found that the Ministry was not enforcing regulation 340 of the *Environmental Protection Act* which requires 30% of soft drinks to be sold in reusable containers. At the time of our initial review, less than 2% of soft drinks were sold in refillable containers.

After consulting with the public and stakeholders on alternative approaches, the Ministry indicated that future decisions on this issue will be linked to other initiatives involving related ministry plans, stakeholder input and the long-term sustainability of the Blue Box Program.

4.00

MEASURING AND REPORTING ON THE EFFECTIVENESS OF ENVIRONMENTAL ASSESSMENT

Recommendation

For the environmental process to be more effective, the Ministry should establish indicators to measure and report on the effectiveness of the process and monitor compliance with the terms and conditions of the approved projects.

Current Status

The Ministry has developed and implemented an electronic environmental-assessment information management system to record environmental assessment submissions and track outstanding terms and conditions of approval as part of a compliance monitoring process. The Ministry is in the process of integrating the Environment Assessment Branch and the Approval Branch into one branch. It has drafted a number of performance measures to evaluate the effectiveness of the environmental assessment process. The development of procedures for audit compliance and reporting on performance has been identified as a branch priority.

Ministry of Finance: Employer Health Tax — 3.08

BACKGROUND

At the time of our audit in 1996, the *Employer Health Tax Act* required all employers with a permanent establishment in Ontario to remit employer health tax (EHT) on total Ontario remuneration paid to employees. The rates of tax varied from .98% on total remuneration less than \$200,000 up to 1.95% for remuneration in excess of \$400,000 and was payable in monthly or quarterly instalments or on an annual basis depending on the total amount of tax payable.

As at September 1996, the EHT taxroll consisted of approximately 396,000 private and public sector employers and 54,000 self-employed taxpayers. Commencing January 1, 1997, small private sector employers and all self-employed individuals were exempted from paying EHT over a three-year phase-in period. As a result, by January 1, 1999, employers with annual payrolls under \$400,000 and self-employed individuals were no longer required to pay EHT. Public sector employers were not affected by the changes.

For the 1996/97 fiscal year, the province collected EHT revenues totalling \$2.8 billion.

Our audit objective was to assess whether reasonable procedures were in place to ensure that the Ministry collected the proper amount of EHT in a timely manner and in accordance with statutory requirements.

CURRENT STATUS OF RECOMMENDATIONS

We are pleased to note that all of our recommendations have been substantially implemented by the Ministry. These recommendations related to the following matters:

- Audit Selection;
- Desk Audits;
- Taxroll Administration – Self-Employed Individuals;
- Impact of Legislative Changes; and
- Reporting of Results.

Ministry of Health: Mental Health Program—Community Based Services Activity—3.09

BACKGROUND

The goal of the Community Based Services Activity is to develop a system that will support people with mental illness in living fulfilling lives in the community. The Activity funds Community Mental Health Programs, including community-based mental health services, children's mental health programs, residential Homes for Special Care and the community psychiatric payment program.

In 1997 we assessed whether the Ministry had adequate procedures in place:

- to measure and report on the effectiveness of the Activity; and
- to ensure compliance with legislation and that policies and procedures for the approval, processing and payment of transfer payments were adequate and were being followed in an economic and efficient manner.

CURRENT STATUS OF RECOMMENDATIONS

Recommendations relating to the following areas of our 1997 report have been substantially implemented:

- adherence to ministry Guidelines and Process Requirements for operating plans;
- Allocation of Funds under the Community Psychiatric Payment Program;
- Monitoring of the Community Psychiatric Payment Program;
- Homes For Special Care – Processing of Payments and Recoveries; and
- Homes For Special Care – Respite Care Grants.

The current status of the remaining recommendations is as follows:

4.00

MENTAL HEALTH REFORM

Recommendations

To enable any needed corrective action to be taken on a timely basis, the Ministry should periodically evaluate its progress in meeting the mental health reform targets.

To enable it to better plan the future direction of mental health care, the Ministry should develop and compare the costs and outcomes of community-based care with those for institutional care for various levels of services/care.

Current Status

The Ministry informed us that the research projects funded through the multi-year Community Mental Health Evaluation Initiative are in the early stages of implementation. Research projects that have been funded will provide the Ministry with vital information regarding cost benefits and outcomes related to core community mental health functions. Data from these projects to advance the refinement of mental health reform targets is an essential prerequisite.

The Mental Health Minimum Data Set is intended to enable ministry staff to analyze and compare the costs of community care and institutional care. The Ministry's Senior Management Committee has deferred the development and implementation of the Mental Health Minimum Data Set project at this time due to other priorities to ensure Year 2000 compliance.

PERFORMANCE MONITORING

Recommendation

To ensure that agreed upon community-based services are being provided and that funding is reasonable and consistent, the Ministry should:

- *define acceptable levels of care; and*
- *establish performance benchmarks and outcome measures, and monitor programs against them.*

Current Status

Levels of care have been included in the Ministry's March 1999 publication *Making It Happen: Operational Framework for the Delivery of Mental Health Services and Supports*. Once the Operational Framework is formally released, regional and local planning processes will be able to align and rationalize community mental health services based on the directions contained therein.

Performance benchmarks/targets and outcomes will be based on multi-year baseline data captured by the Mental Health Minimum Data Set.

MANAGEMENT INFORMATION SYSTEMS

Recommendation

To facilitate the monitoring of mental health reform and enable management to better evaluate the effectiveness of community-based mental health services, the Ministry should accelerate the development and implementation of an appropriate management information system.

Current Status

In partnership with community players, the Mental Health Minimum Data Set will collect the data required to support critical management information system databases. A Technology Survey was also completed and will enable the Ministry to assess and evaluate direct electronic transfer alternatives. Community Mental Health Programs Budget System, Financial Logs and Sessional Fees System have all been implemented. These will be further refined following the completion of the Year 2000 project.

HOMES FOR SPECIAL CARE – QUALITY OF CARE

Recommendation

To ensure that Homes for Special Care provide appropriate and consistent resident care across the province, the Ministry should mandate compliance with the minimum standards of care as a condition of licence renewal.

Current Status

The Ministry informed us that it is currently developing a comprehensive housing policy for mental health that will set out standards and monitoring mechanisms for all supportive housing, including the Homes for Special Care program. These standards and monitoring mechanisms will help to ensure a consistent approach to the programs being funded by the Ministry. The policy may have legislative implications for the *Homes for Special Care Act*. Consultation is planned for the fall of 1999.

Ministry of Health: Public Health Activity — 3.10

BACKGROUND

The programs under the Public Health Activity are designed to maintain population health through health protection, health promotion and disease prevention. The Ministry's Public Health Branch, under the direction of the Chief Medical Officer of Health, is responsible for administering the Activity.

The objectives of our audit of the Public Health Activity were to assess whether the Ministry had adequate policies and procedures in place:

- to ensure that public health programs were funded and delivered with due regard for economy and efficiency and in accordance with applicable legislation; and
- to measure and report on the effectiveness of provincially-funded public health programs.

CURRENT STATUS OF RECOMMENDATIONS

Recommendations relating to the following areas of our 1997 report have been substantially implemented:

- Vaccine Preventable Diseases Program - Immunization of Children;
- Financial Controls Over Vaccine Expenditures;
- Vaccine Purchasing;
- providing suggested changes to federal immigration legislation;
- Sexually Transmitted Diseases;
- Food Safety Program; and
- Rabies Control.

The current status of the remaining recommendations is as follows:

ACCOUNTABILITY TO THE LEGISLATIVE ASSEMBLY

Recommendation

To improve the accountability of the Public Health Activity, the Ministry should consider periodically reporting to the Legislative Assembly on the extent to which:

- *public health programs delivered by boards of health have met provincial standards; and*
- *provincial public health objectives have been achieved.*

4.00

Current Status

All boards of health completed and submitted the Mandatory Program Indicator Questionnaire for the January to June 1998 reporting period. The completed questionnaires were analyzed by the Public Health Branch and results distributed to the boards.

A Compliance Assessment Steering Committee is developing a system for assessing compliance with mandatory programs. Boards of health will be required to provide a full year of data for 1998, which will be analyzed by the Branch and results distributed to the boards.

We were advised that the Ministry is considering including these results in its annual reporting to the Legislature on business plans and performance measurement.

FUNDING ARRANGEMENTS

Recommendation

To ensure that funding for all mandatory public health programs is allocated equitably, the Ministry should expand the use of indicators of service costs and of the relative health needs of communities.

Current Status

As a result of new cost-sharing arrangements, the Public Health Branch indicated that it would be reviewing the existing global needs-based formula that adjusts for population factors such as geography, income and education.

VACCINE PREVENTABLE DISEASES PROGRAM – IMMUNIZATION OF ADULTS

Recommendation

To contribute to its goal of protecting public health and preventing disease, the Ministry should:

- *establish coverage targets for influenza, pneumococcal, tetanus and diphtheria vaccines; and*
- *develop systems to monitor attainment of these targets and take appropriate corrective action as necessary.*

Current Status

Coverage targets for influenza and pneumococcal vaccines are now included in the *Mandatory Health Program and Services Guidelines*. Coverage was assessed in April 1998. For diphtheria and tetanus, the objective is to maintain a zero incidence of disease. Accordingly, occurrence is measured rather than immunization coverage.

The results of the OHIP billing numbers pilot project indicated that a significant proportion of vaccines administered was not recorded on the system. The ultimate solution may involve information sharing between Provider Services Branch and Public Health, as is done in Manitoba. Options are being explored, bearing in mind Year 2000 constraints.

IMMUNIZATION INFORMATION SYSTEM

Recommendation

Immunization is a major contributing factor to the Ministry's goal of protecting public health and preventing disease. Therefore, to better track the immunization of children and adults, the Ministry should assess the feasibility of modifying existing systems or developing appropriate ones to capture the necessary information.

Current Status

A review of the Public Health Activity's system development needs has been carried out, and a project manager has been assigned. However, no system development activities are planned due to Year 2000 priorities.

We were advised that the exploration of public health information systems in other jurisdictions is underway, in particular, the system used by the British Columbia Ministry of Health.

PROVINCIAL IMMUNIZATION CAMPAIGNS

Recommendation

To assist in planning future immunization campaigns and to identify opportunities for increased operational efficiency, the Ministry should obtain from a sample of boards explanations of why their costs were significantly higher or lower than the provincial average for delivering the recent hepatitis B and measles campaigns.

Current Status

This recommendation will be considered before future immunization campaigns are planned. Since funding for the delivery of these programs is being transferred to municipalities, the Ministry feels that its ability to influence local operational efficiencies in future campaigns will be based on more indirect methods.

TUBERCULOSIS CONTROL – CONTACT TRACING

Recommendation

To help monitor the effectiveness of the Tuberculosis Control Program, the Public Health Branch should obtain additional information on the results of tuberculosis contact tracing by boards of health.

Current Status

A review of the Public Health Activity's system development needs has been carried out, and a project manager has been assigned. However, no system development activities are planned due to Year 2000 priorities.

We were advised that the exploration of public health information systems in other jurisdictions is underway, in particular, the system used by the British Columbia Ministry of Health.

TUBERCULOSIS CONTROL – SCREENING HIGH-RISK GROUPS

Recommendation

To improve the effectiveness of mandatory tuberculosis screening programs, the Ministry should:

- *determine whether there is a sufficient legal basis to support the mandatory screening of high-risk groups; and*
- *encourage and monitor the prescribing of appropriate drug therapy.*

Current Status

The revised *Mandatory Health Programs and Services Guidelines* include the screening of high-risk groups and medical assessment of all skin-positive individuals. The Public Health Branch has studied and recommended changes to the *Health Protection and Promotion Act* regarding these issues. We were advised that the changes will be considered when the next opportunity to make changes to the Act arises.

TUBERCULOSIS CONTROL – MEDICAL SURVEILLANCE UNDERTAKINGS

Recommendation

To enhance the effectiveness of the medical surveillance of individuals with inactive tuberculosis, the Ministry should improve its ability to track individuals under surveillance.

Current Status

The federal government has issued a discussion document that addresses a number of issues related to tuberculosis control and immigration. The Ministry has issued a formal response to the document. Many of the changes address the recommendations in our 1997 report. There is ongoing activity in providing input to Citizenship and Immigration Canada about current gaps in the information provided to public health.

TOBACCO CONTROL ACT

Recommendation

To increase compliance with the Tobacco Control Act, the Ministry should evaluate the use of additional enforcement measures and should develop an overall communication strategy to publicize enforcement efforts.

Current Status

An Expert Panel has reviewed the Ontario Tobacco Strategy including implementation of the *Tobacco Control Act*. The Panel has issued a report and recommendations, some of which deal with enforcement of legislation. The report has been submitted to the Minister.

The *Mandatory Health Programs and Guidelines* require public health units to:

-
- perform annual compliance checks on a percentage of tobacco vendors; and
 - ensure the ongoing use of media to increase awareness of the purpose of the *Tobacco Control Act* and to facilitate awareness of the rationale and scope of enforcement efforts.

We were advised that boards of health will be required to complete a questionnaire in June 1999 that will provide a full year of data on compliance with the Act. The completed questionnaires will be analyzed and the results distributed to boards of health.

4.00

Management Board Secretariat: Employee Health Care Benefits — 3.11

BACKGROUND

The Ontario government provides employee health care benefits for its employees and their eligible dependants. These benefits fall under four main categories: supplementary health which covers expenses for such items as drugs and vision care; dental care; long-term disability protection; and group life insurance. Similar to most employers who manage benefit programs for a large number of employees, the Ontario government is self-insured and uses insurance carriers to process and adjudicate employee benefit claims. This means that the government reimburses the insurance carriers for the actual benefit claims paid to employees and pays an administrative fee for their processing and adjudication services.

In 1997 our audit objective was to assess whether Management Board Secretariat (MBS) had adequate systems and procedures in place to manage employee benefit plans with due regard for economy and in accordance with the terms of the plans.

CURRENT STATUS OF RECOMMENDATIONS

MBS has substantially implemented our recommendations relating to the following areas:

- Cost-containment Strategies;
- Communication with Employees;
- Management of Long-Term Disability;
- Monitoring Carrier Claims Processing Activities; and
- Measuring and Reporting Results.

The current status of the remaining recommendation is as follows:

POSITIVE ENROLMENT

Recommendation

To help ensure that supplementary health and dental claims are only paid for eligible recipients, the Management Board Secretariat should implement positive enrolment, whereby employees are periodically required to provide detailed information regarding spousal insurance coverage and the eligibility of family members.

Current Status

The Ontario Public Service (OPS) is currently implementing a new corporate human resources information system named the Workforce Information Network (WIN). Positive enrolment has been confirmed as an element of this system; it has been identified as part of the second phase of implementation, which is tentatively scheduled for the early part of the year 2000.

Once all OPS ministries have WIN in place, employees will be required to identify their eligible dependants. This information will be provided to the insurance carriers as the basis upon which to determine dependant claims eligibility. MBS is reviewing the mechanism that would allow OPS employees to update this information when any changes occur and confirm the information on dependants on an annual basis.

Ontario Housing Corporation and Metropolitan Toronto Housing Authority: Capital Asset Management — 3.12

BACKGROUND

The Ontario Housing Corporation (OHC) is an agency of the Ministry of Municipal Affairs and Housing and is funded through rental income and subsidies from the provincial and federal governments. The OHC owns approximately 84,000 rent-geared-to-income housing units that are managed by 54 local housing authorities (LHAs), including the Metropolitan Toronto Housing Authority (MTHA). These units provide housing for about 250,000 low-income households in 310 communities.

In 1997 our audit objective included assessing whether OHC and MTHA had in place the systems and procedures to ensure that their rental properties were repaired and maintained economically, efficiently and effectively. We recommended actions that OHC and MTHA could take to:

- better assess building conditions and estimate the costs of needed repairs in order to effectively establish priorities for capital repairs;
- achieve further savings of several million dollars in utility and maintenance costs; and

-
- ensure compliance with legislation and corporate policies governing health and safety matters such as the *Ontario Fire Code* and asbestos management.

CURRENT STATUS OF RECOMMENDATIONS

Our recommendations for strengthening the capital planning and budgeting process have been substantially implemented. Our other recommendations were still in the process of implementation although good progress had been made. Significant actions taken and planned by OHC and MTHA on our recommendations are as follows:

MANAGING UTILITY COSTS AND ENERGY USE

4.00

Recommendation

To reduce costs and encourage energy conservation, Ontario Housing Corporation should:

- *ensure that best practices in energy conservation initiatives already adopted by some local housing authorities are periodically summarized and shared among the rest;*
- *reinstate periodic comparisons of local housing authority energy consumption costs to identify buildings with opportunities for savings; and*
- *examine the feasibility of expanding user payment for utilities related to individually metered units.*

Current Status

The OHC approved an energy and water conservation strategy in December 1997. Independent energy and water audits were completed in 1998 on a sample of 88 buildings and the results were independently analyzed in a report issued in December 1998. The independent consultant concluded that, while the energy consumption of OHC buildings is comparable to that of private sector buildings, implementing all recommended energy and water conservation measures would save about \$13.7 million annually and require an investment of \$85 million, for an average payback of 6.2 years. The consultant recommended that measures with a payback of less than five years should be implemented first at a capital cost of \$5.5 million for OHC's entire building portfolio.

The OHC implemented some measures identified by LHAs in 1998 when savings had been achieved on other high priority projects and had allocated \$2 million in their 1999 capital budget to implementing energy-saving measures with a payback of less than five years. Energy conservation measures are also undertaken as part of larger repair or replacement projects.

Units with individually metered utilities where tenants pay the cost reflect lower consumption rates throughout the OHC's building portfolio, including MTHA. Few of the high-rise units are individually metered. Any significant reduction in energy consumption in residential units requires the active participation of residents in energy conservation or user pay programs. Both options were still being reviewed.

Recommendation - MTHA

To help meet performance targets for reducing utility costs and energy use, Metropolitan Toronto Housing Authority should examine the results of initiatives taken by other local housing authorities that have achieved substantial savings in utility costs and implement those having the greatest potential for payback.

Current Status

MTHA's Energy Management Program has included a survey and comparison of energy consumption patterns to that of buildings owned by several other LHAs and to those of private and non-profit owners in Toronto. On a per occupant basis, MTHA's building energy use compared favourably. Energy use for all buildings had been benchmarked over the last three years and monitoring against the benchmarks had yielded savings. However, the results and recommendations of the energy and water audits conducted for OHC had not yet been shared with MTHA and so the potential for further savings by MTHA had not yet been assessed.

MAINTENANCE MANAGEMENT

Recommendation

To better ensure that maintenance services are delivered efficiently and effectively, Ontario Housing Corporation should:

- *resume its benchmarking project and make use of existing local housing authority efforts to develop standards and reduce the costs for various maintenance activities;*
- *collect and share local housing authority cost-saving initiatives among local housing authorities; and*
- *require local housing authorities to use periodic expert inspections of buildings to assess the quality of maintenance services and to report the results and any recommended actions to their boards for follow-up.*

Current Status

In March 1999 the board approved a model for benchmarking the performance of LHAs beginning with the year 2000 business plans for each LHA. The model includes the measurement and benchmarking of four key indicators: manageable costs (including maintenance), vacancy rate, unit turnaround time and arrears. LHAs will also be required to perform self assessments of a number of key business processes including adherence to maintenance service standards. In 1998 the OHC also began collecting information on best practices followed by LHAs and communicating them at the rate of one topic per month. The one on maintenance practices was issued in March 1999.

Independent building condition assessments conducted in 1997 for a sample of the housing portfolio provided some assessment information on the quality of maintenance in those buildings assessed.

Recommendations - MTHA

To help meet cost reduction targets for maintenance services, Metropolitan Toronto Housing Authority should develop strategies for increasing staff productivity and, in particular, for reducing time lost due to sick days taken.

To better manage maintenance services, Metropolitan Toronto Housing Authority should establish service delivery, reporting and performance evaluation expectations for maintenance staff that are similar to those established for the private management companies it has under contract. MTHA should also examine maintenance management systems established by other large local housing authorities for their applicability to its requirements.

Current Status

An Attendance Management Program had been implemented at MTHA that for 1998 resulted in a 20% reduction in sick days taken by maintenance staff from 1997. Paid sick days per employee declined to 9.37 in 1998. Lost time due to accidents also decreased by 45% to 3.5 days per employee in 1998 over 1997. MTHA had set goals to reduce time lost due to illness and accidents by a further 20% and 25% respectively in 1999.

MTHA had also introduced measures to assess and track maintenance quality. For example, “% of service call-outs for emergency capital repairs” was being tracked against a target and the prior year as an indicator of the effectiveness of their preventative maintenance program.

MTHA had recently put additional communities under private management. Service expectations and requirements for direct and private management of properties were still being reviewed and compared for best practices with the intention of bringing the two into closer alignment. Additionally, other organizations had been surveyed for best practices and further opportunities for improving maintenance efficiency had been identified but not yet acted upon.

ASBESTOS MANAGEMENT

Recommendation

The Ontario Housing Corporation should:

- *remind local housing authorities of their responsibility to manage asbestos in accordance with legislation and corporate policies; and*
- *ensure that the status of asbestos surveys and actions taken to rectify noted deficiencies is reported periodically to each local housing authority board and that these boards in turn provide assurance to the board of Ontario Housing Corporation that their responsibilities have been met.*

Current Status

Each LHA board had been instructed to confirm to OHC’s board that it has met its responsibilities for asbestos handling, including reporting to its own board. As at April 1999, only 11 LHAs had reported. The General Manager planned to follow up with LHAs and report to the board on LHA conformance later on in 1999.

Recommendation - MTHA

To ensure that high-priority projects such as asbestos abatement are completed expeditiously in order to minimize risk and exposure to residents, staff and the Metropolitan Toronto Housing Authority, the status of all projects involving health, safety or legislative compliance should be closely monitored and regularly reported to the board.

Current Status

MTHA had established an Asbestos Management Program had been established and taken a number of measures. As a result of those measures MTHA reported that it was in full compliance with applicable legislation and that all required inspections had been conducted in 1998. A progress report was provided to the MTHA board on April 21, 1999.

FIRE CODE COMPLIANCE

Recommendation

To ensure that local housing authorities are complying with the Ontario Fire Code, Ontario Housing Corporation should require all local housing authorities to conduct independent inspections of their buildings for compliance with corporate policy and Ontario Fire Code requirements at least annually and to report the results of these inspections to their respective boards for any necessary action.

Current Status

The board had not been updated on the status of LHAs' efforts to comply with *Ontario Fire Code* retrofit and other requirements since March 20, 1998. At that time LHAs, other than MTHA, had reported that 95% of the retrofit work had been completed. Wherever possible, local fire departments had been asked to inspect their buildings and to issue letters of approval that they comply. About half of the buildings had received such approval as of December 31, 1997 and a further 34% did not require any further work as a result of the inspection. Only 7% of buildings inspected required further work. Inspections had not yet been done for 18% of the buildings.

All LHAs, including MTHA, were in the process of retrofitting their buildings to comply with new *Ontario Fire Code* requirements for fire alarm audibility issued in June 1998 and with related corporate guidelines issued in January 1999.

Recommendation - MTHA

To better ensure that Ontario Fire Code requirements are met and that any deficiencies are promptly identified and rectified, Metropolitan Toronto Housing Authority should periodically conduct independent inspections of all properties for compliance with Ontario Fire Code requirements, take any necessary corrective actions and report the results to its board.

Current Status

MTHA had retained consultants to identify any remaining issues relating to *Ontario Fire Code* retrofit compliance of buildings in MTHA's high-rise portfolio, to oversee any additional work required and to certify compliance. As of April 1999, MTHA's board was informed that letters

of compliance had been obtained for all 90 high-rise buildings and 163 of 174 low-rise buildings. The remaining 11 properties were in one community and were expected to be in full compliance by June 1999.

Ministry of Transportation: Commercial Vehicle Safety and Regulation — 3.13

4.00

BACKGROUND

The Ministry of Transportation's Safety and Regulation Division is responsible for the coordination of all road safety activities for the province. The Division oversees the inter-city bus and truck industries, administers the licensing of for-hire transport, and enforces legislation with respect to driver and vehicle safety, vehicle weight and size, and the movement of goods.

In 1997 we assessed whether the Division had adequate procedures in place to measure and report on the program's effectiveness in ensuring commercial vehicle safety and to ensure compliance with legislation and ministry policies. We also assessed the adequacy of procedures to ensure that resources were managed with due regard for economy and efficiency.

We found that the Ministry had implemented a number of legislative changes and initiated several projects designed to make provincial highways safer. However, further action was necessary to enhance road safety, to manage resources more efficiently, and to establish better procedures to measure and report on the effectiveness of its many new initiatives.

CURRENT STATUS OF RECOMMENDATIONS

The Ministry has taken several significant actions to enhance road safety including the development and implementation of a number of new polices and procedures. Consequently, recommendations relating to the following matters have been fully or substantially implemented:

- Planning and Policy Initiatives;
- Effectiveness Measurement Reporting;
- Safety Education and Awareness;
- Roadside Inspections;
- Selection of Vehicles for Roadside Inspections;
- Commercial Vehicle Weight Inspections;
- Commercial Carrier Facility Audits;
- Warning Letter Interventions;
- Carrier Interviews and Audits;
- Carrier Sanctions;

-
- Enforcement Process; and
 - Program Administration.

With respect to our other recommendations, the status of action taken is as follows:

BUS SAFETY INSPECTIONS

Recommendation

To ensure an efficient and effective Bus Safety Inspection Program, the Ministry should:

- *review the current approaches used by the regional and area offices to determine the appropriate combination of roadside inspections and visits to premises; and*
- *upon determination of the appropriate inspection approach, develop standardized policies and procedures to assist area offices in implementing a comprehensive and consistent bus inspection process.*

Current Status

The Ministry is in the process of developing standardized bus inspection procedures and bus operators will remain a high priority for audits at the operator's facility. All enforcement officers have now received motor coach safety inspection training. Since a proper motor coach inspection requires that the vehicle be up on ramps, additional portable ramps will be purchased in 1999. This will allow for more roadside bus inspections in all regions of the province.

COMMERCIAL VEHICLE OPERATOR'S REGISTRATION

Recommendation

To help ensure the integrity of the Commercial Vehicle Operator's Registration (CVOR) system and database, the Ministry should:

- *develop and document policies and procedures to ensure the accuracy and completeness of the information provided on applications for CVOR certificates;*
- *improve controls over the storage, retention and retrieval of microfiche records;*
- *ensure that carrier information on the system database is valid and up to date; and*
- *implement procedures to ensure that all carrier convictions are promptly and accurately recorded on the CVOR system.*

Current Status

The Ministry has implemented or is in the process of implementing procedures to ensure the integrity of the CVOR system. Beginning in the fall of 1997, the Ministry required operators to report any changes in fleet size or kilometres traveled. The Ministry is moving toward implementing a CVOR renewal process to ensure that all information on the system is reasonably up to date, accurate and complete. In May 1999, the Ministry tested its microfiche retrieval system and found it to be reliable. The Ministry has also implemented procedures that require enforcement officers to verify that all carrier convictions are properly recorded on the CVOR system.

COMMERCIAL CARRIER LICENSING

Recommendation

To help ensure that only appropriately qualified applicants are licensed, the Ministry should develop policies and procedures for assessing factors such as safety fitness as required under the Truck Transportation Act or any replacement legislation.

Current Status

The Ministry had developed formal policies to be reflected in proposed legislative changes including the repeal of the *Truck Transportation Act*. However, the proposed changes were not included in the legislative amendments. Consequently, the requirements of the Act are still in effect and all applicants are required to complete a safety fitness test that establishes the carrier's knowledge of safety requirements in the province. Along with renewal of the CVOR, the Ministry intends to introduce an enhanced safety fitness test that will be completed by all applicants. In addition, with the implementation of national safety rating standards, applicants from other jurisdictions will be required to submit the safety ratings assigned by their previous jurisdictions.

LICENSING AND INSPECTION

Recommendation

To ensure adequate monitoring of Motor Vehicle Inspection Stations (MVIS), the Ministry should:

- *implement a risk-based approach for selecting MVIS for inspections;*
- *regularly generate information designed to highlight areas of concern for investigation and follow-up;*
- *require increased monitoring and more frequent inspections of those carriers licensed to inspect their own vehicles; and*
- *establish uniform criteria for determining when an inspection station's licence or a mechanic's registration should be revoked.*

Current Status

The Ministry has manually identified motor vehicle inspection stations that have issued a disproportionate number of certificates and stickers per mechanic and has forwarded this list to the relevant regional enforcement group for follow-up. The Ministry has also identified, for follow-up action, MVIS licensed commercial carriers with higher than average out-of-service rates. The Ministry intends to periodically identify such stations and carriers for follow-up. The Ministry has planned changes to the MVIS system to automate this identification process. The Ministry has also developed and is currently analyzing criteria for determining when to revoke a Motor Vehicle Inspection Station's or mechanic's licence.

COMMERCIAL VEHICLE CERTIFICATION

Recommendation

To increase assurance that safety stickers are affixed only to properly inspected vehicles and to help prevent the misuse of safety stickers, the Ministry should:

- *improve controls over the recording of both stickers issued and stickers reported lost or stolen; and*
- *provide enforcement staff with a convenient method of determining the validity of safety stickers and certificates.*

Current Status

The Ministry expects to complete a comprehensive review of the MVIS program by the end of 1999. The review will include enhancements to the MVIS system to provide greater access to system data for field staff and ensure that high-risk stations are identified. The review will also assess alternative means of program control and administration and provide enforcement staff with strengthened MVIS licence revocation criteria.