



News Release

For Immediate Release

December 4, 2019

Lack of Information for Legislators on Discretionary Grants: Auditor General

(TORONTO) Provincial government ministries paid out about \$3.9 billion in discretionary grants during 2018/19. These time-limited grants to third parties are supposed to pay for activities that benefit the public and help achieve public policy objectives, Auditor General Bonnie Lysyk says in her *2019 Annual Report*, tabled today.

“The government is not always in a position to determine whether the grants in fact fulfill their public policy goals. As well, legislators do not have a breakdown by ministry of discretionary grant programs to better inform them on how provincial funds will be spent,” Lysyk said after her Report was tabled in the Legislative Assembly.

The \$3.9 billion in annual time-limited grants are discretionary, meaning there is no legal requirement to provide them. Instead, individual ministries determine the level of funding for their specific grant programs in their annual budgets. Treasury Board Secretariat then reviews each ministry’s final allocation of grants based on government priorities, political direction and the economic climate.

The government reports all grant payments together in the Public Accounts and the Estimates of the province without differentiating between discretionary grants and those for the delivery of statutory government services—for example, grants to hospitals for health care or to school boards for education.

The audit did find that ministries established objectives for their grant programs that aligned with their mandates. In addition, most ministries provided grants based on objective evaluations, except for the Ministry of Heritage, Sport, Tourism and Culture Industries, which funded some applicants based solely on the minister’s discretion.

Among the other findings in the Report:

- Grant recipients paid directly by ministries are usually identified in the Public Accounts of the province. However, the audit identified eight organizations that received \$402 million in grants in 2018/19, and then disbursed the money to other parties without identifying them in the Public Accounts. While some of these flow-through organizations listed the recipients on their own websites, the information was inconsistent and difficult to find.
- The Celebrate Ontario grant program of the Ministry of Heritage, Sport, Tourism and Culture Industries has supported almost 2,800 festivals since its inception in 2007. The audit reviewed the three fiscal years between 2016/17 and 2018/19, and found the grant program provided almost \$6 million in funding through ministerial discretion to 132 applicants that had not achieved the minimum evaluation score required to get funding. In all three years, we noted instances where other applicants did not receive funding even though they scored higher than those approved through ministerial discretion.

- In 14 of the 15 grant programs reviewed in the audit, ministries relied on recipient-reported performance results without verifying those results. For example, the Ministry of Heritage, Sport, Tourism and Culture Industries used recipient-reported attendance and visitor-expenditure information to assess the economic impact of the Celebrate Ontario grants. However, the Ministry had to exclude 50% of performance results reported by recipients in 2017/18 because it was deemed unreliable. For example, some reported increases in the number of visitors to their events that exceeded the total number of visitors, while others reported that new visitors spent more than all visitors combined.

-30-

For more information, please contact:

Bonnie Lysyk
Auditor General
(416) 327-1326

Read the report at www.auditor.on.ca

 @OntarioAuditor

The Office of the Auditor General is an independent Office of the Legislative Assembly that conducts value-for-money and financial audits of the provincial government, its ministries and agencies. We also audit organizations in the broader public sector that receive provincial funding. Our vision is to deliver exceptional value and assurance to members of the Legislative Assembly, the Standing Committee on Public Accounts, and all Ontarians through high-quality work that promotes accountability, value for money and effective governance in the Ontario public sector.