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## CHAPTER ONE

# Overview and Value-for-money Audit Summaries

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## OVERVIEW

### *COMMON THEMES*

Our mission is to assist the Legislative Assembly in holding the government and its administrators accountable for the quality of the administration's stewardship of public funds and for the achievement of value for money in government operations. In this year's report, we present a number of areas where value for money is not being achieved and make recommendations that, if implemented, will assist the Legislature in ensuring that government services are being provided in a more cost-effective manner.

Two themes emerge most strongly from our report this year. They are:

- Far too many concerns noted in our prior audits are not being satisfactorily addressed. We found that many of the significant concerns identified in this year's audits were raised by us the last time we audited the program or activity. In some cases, these same concerns were raised almost ten years ago.
- All too often, management information systems are not adequate to provide the information needed to make sound and prudent business decisions. Over the years, we have continually emphasized the importance of better information for decision-making. One of senior management's most important responsibilities is to identify what information is needed to make informed decisions and to ensure that systems and procedures are put in place to provide decision-makers with accurate, useful, and timely information.

### **Concerns from Previous Audits**

Most of this year's value-for-money audits examined programs that we have previously audited as part of our cyclical VFM-audit approach. Unfortunately, in many of these audits, a number of the concerns identified had been raised by us in prior audits, yet they had still not been satisfactorily addressed. Here are four examples from this year's audits:

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- *Court Services, Ministry of the Attorney General*—In 1997 we noted that successful implementation of a number of initiatives was needed to address the serious backlog of court cases and deficiencies in the management of program resources. In this year's audit of court services, we concluded that little progress had been made. As a result, the backlog of cases had increased substantially since 1997, efforts to collect millions of dollars in outstanding fines continued to be lacking, and the effective administration of the courts was still being hampered by the lack of a clear division of responsibility and accountability between the Ministry and the Judiciary.
  - *Family Responsibility Office, Ministry of Community, Family and Children's Services*—This Office administers and enforces all court-ordered child and spousal support payments. In this year's audit we concluded that more aggressive and timely enforcement action needed to be taken on non-payment of support orders. For example, we found that appropriate enforcement action was often not begun until six months after the payment deadline had passed, and as long as two years often elapsed between enforcement steps. We had expressed similar concerns as far back as 1994 and again in our 1999 audit of this program.
  - *Children's Mental Health Services, Ministry of Community, Family and Children's Services*—This program funds community-based agencies that provide services to children and families of children who have social, emotional, or psychiatric problems. As was the case in our last audit of this program in 1997, we found that the Ministry was not adequately monitoring and assessing the quality of services being provided by the community agencies. As a result, the Ministry cannot be assured that vulnerable children in need are receiving the care and assistance they require.
  - *Public Health Activity, Ministry of Health*—Public health services are jointly funded by the Ministry and municipalities and are provided through 37 community-based local health units across the province. The services include vaccinations, the prevention of communicable diseases, and dealing with emerging public health issues such as the West Nile virus and Severe Acute Respiratory Syndrome (SARS). Many of the issues and concerns noted during our current audit were also raised by us in 1997. For instance, there is still no analysis of the extent to which individuals may be receiving different levels of health services depending where in Ontario they live. As well, the required medical surveillance procedures for immigrants with inactive tuberculosis are still not being adequately monitored and enforced.

## Management Information Systems

As we have said before, good administration of public funds depends on good decisions based on good information. For far too many years we have heard program managers and staff express concerns that the information they need is just not available from the systems that are in place. Again this year, we encountered a number of situations where the management information systems and procedures in place were inadequate to meet the information needs of the decision-makers.

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We believe that ministries' inability to address this issue is often one of the main contributing factors for the lack of effective implementation of our recommendations. This is evident from some of the following examples from five of this year's audits:

- *Court Services, Ministry of the Attorney General*—The Ministry of the Attorney General, the Ministry of Public Safety and Security, and the Judiciary have long recognized the need for effective, up-to-date technology for use in management of the courts. However, a project to achieve an integrated information system was cancelled after a ministry investment of \$21 million and six years of effort. With the cancellation of the project, there has been little overall improvement to the court's outdated computer and management information systems.
- *Family Responsibility Office, Ministry of Community, Family and Children's Services*—In our audit we concluded that this Office was in grave danger of failing to meet its mandated responsibilities unless it takes a number of steps, including significantly improving its information technology and communication systems. As far back as 1994, and again in our 1996 follow-up report, the Ministry of the Attorney General, which was then responsible for the Office, stated that "the current computer system must be replaced"; however, little has been done since that time.
- *Children's Mental Health Services, Ministry of Community, Family and Children's Services*—In previous audits we found that this program did not have an adequate management information system for monitoring financial and service data. In our current audit, although a new system had been implemented five years ago, we once again found that the system was of limited usefulness, since it did not provide the information needed by program staff, and the information it did contain was often inaccurate.
- *Environet, Ministry of the Environment*—In 2000, the Ministry began developing four new "Environet" management information systems to strengthen the delivery of its environment programs. To date, \$17.1 million has been spent, and, while progress is being made, the systems do not yet provide ministry staff with the information they need to support their monitoring and inspection activities.
- *Public Health Activity, Ministry of Health*—Controlling disease outbreaks, making informed resource allocation decisions, and making public health policies and procedures more effective require the ongoing collection, analysis, and interpretation of information from across the province. At present, much of the information required is either unavailable or is of questionable quality. We expressed concerns about inadequate information systems in our 1997 audit, and the Ministry confirmed the need for significant improvements in its 2000 Information Technology Strategic Plan. Nevertheless, little progress has been made in this area.

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## ACCESS TO INFORMATION

The *Audit Act*—the enabling legislation of the Office of the Provincial Auditor—has specific provisions with respect to the Auditor’s right to access the information needed to fulfill our audit responsibilities. Specifically, section 10 states that we are entitled to have access to all books, accounts, financial records, reports, files, and all other papers, things, or property necessary to perform our duties under the Act. Clause 12(2)(a) of the Act also requires the Auditor to report in the Annual Report on whether, in carrying on the work of the Office, the Auditor received all the information and explanations required.

Until recently, the Office has not had any significant problems accessing the information we needed to conduct our audit work. However, in our *2001 Annual Report*, we reported an instance where the Office did not receive all the information and explanations it required. The requested information was ultimately received, albeit after much time and effort had been spent. As a result of this incident, Cabinet Office established a protocol dealing with the Provincial Auditor’s access to Cabinet-related information. We had hoped that this protocol would ensure that such a situation did not reoccur.

However, during the 2003 audit year we encountered two instances where we did not receive timely access to information. One instance related to our audit of court services at the Ministry of the Attorney General, and the other related to our audit of science and technology at the Ministry of Enterprise, Opportunity and Innovation. While the information from the Ministry of the Attorney General was finally received after several months of effort, we never did receive full access to the documentation we required from the Ministry of Enterprise, Opportunity and Innovation. These two situations are discussed in further detail in Chapter Three, sections 3.01 and 3.07, respectively.

Unfortunately, we found that the protocol on the Provincial Auditor’s access to Cabinet documents was part of the problem causing the delays. Specifically, we found that ministries seemed reluctant to provide certain information to us—much of which used to be provided to us on an unhindered basis—because they were apparently not clear on what information fell under the protocol. As soon as these problems began surfacing, we started working with Cabinet Office and Management Board Secretariat to help establish revised practices, particularly with respect to the timely release to us of documentation relating to ministry and agency submissions to Cabinet or to its committees such as Management Board of Cabinet or SuperBuild.

Aside from the two instances discussed above, the other ministries and agencies we dealt with this year did provide us with all the information, explanations, and other documentation we needed. We express our appreciation to the ministry and agency staff that we dealt with this year for their co-operation.

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# **THE PROVINCE'S FINANCIAL STATEMENTS**

## **Auditor's Report**

I am pleased to report that my Auditor's Report on the Province's financial statements is clear of any qualifications or reservations. While my report covers all the financial statements, the main focus of the Legislature and the public has historically been on the reported surplus or deficit figure for the year. In my opinion, the reported surplus of \$117 million for the year ended March 31, 2003 is fairly stated.

## **Accounting for Major Capital Assets**

In 1997, the Canadian Institute of Chartered Accountants recommended that governments adopt the private-sector accounting practice of recognizing capital assets at cost in their financial statements and amortizing them to expense over their estimated useful lives, rather than expensing them 100% in the year they were acquired. Since then we have been encouraging the Ontario government to adopt this approach.

The government began phasing in this approach for the 2002/03 fiscal year, concentrating its efforts on capitalizing land, buildings, and its transportation infrastructure, which together account for most of the government's total capital. Accordingly, as at March 31, 2003, more than \$13.9 billion in tangible capital assets owned by the province were for the first time reflected in the government's financial statements. The remaining capital assets, such as computer systems, vehicles and other equipment, and other smaller-value items, will be similarly recorded in subsequent years. We are in agreement with this phased-in approach.

## **TOWARDS BETTER ACCOUNTABILITY**

Chapter Two of this report provides an update on our long-standing efforts to have our proposed amendments to the *Audit Act* passed by the Legislative Assembly. We also discuss two areas where progress is being made in enhancing the accountability of the government and government administrators to the Legislative Assembly and the public.

## **VALUE-FOR-MONEY AUDIT SUMMARIES**

The following are summaries of the value-for-money audits reported on in Chapter Three of this Annual Report.

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### 3.01 Ministry of the Attorney General Court Services

The Court Services Division (Division) of the Ministry of the Attorney General supports the operations of the court system through a network of approximately 250 courthouses and approximately 3,500 court support staff. Its functions include providing administrative and support services to the Judiciary, preparing enforcement documentation, maintaining court records, and collecting fines.

The Division's expenditures for the 2002/03 fiscal year were \$302 million: \$107 million was spent on operating the offices of the Judiciary and on salaries and benefits for approximately 650 full- and part-time provincially appointed judges; and \$195 million was spent on administrative and court staffing costs and other expenses required to support the operations of courts. In addition, the Ministry spent \$35 million on capital projects to modernize and improve court buildings.

In our 1997 audit of what was then the Courts Administration Program, we noted that the successful implementation of a number of ongoing initiatives was needed to address the serious backlog of cases and deficiencies in the management of program resources. However, based on our current audit we concluded that little progress has been made since that time. For example:

- Efforts to reduce backlogs have not been effective. At March 2002 approximately 99,000 criminal charges had been pending at the Ontario Court of Justice for more than eight months. This was 39,000 more than in 1998.
- The Ministry invested approximately \$21 million in the Integrated Justice Project to develop new information systems. However, the project was terminated five years after its establishment with little improvement to the courts' antiquated computer and information systems.
- The lack of ministry effort to collect millions of dollars in outstanding fines weakens the credibility of the justice system.

Other concerns noted during our current audit included:

- Controls over the planning, contractor selection, and project management for capital projects were inadequate. In one case, for example, a contractor was originally hired for \$52,000 to remove mould, on an emergency basis, at one large courthouse. However, further examination of the courthouse revealed the need to address other significant building deficiencies. This primary contractor eventually received payments of almost \$24 million; but in spite of increases in the scope and extent of the work and significant cost escalations, competitive quotes were not obtained from other contractors.
- Numerous significant deficiencies and inconsistencies in the level of security at courthouses across the province were noted both by a ministry consultant and during our visits to courthouses.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take action to address our concerns.

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### 3.02 Ministry of Community, Family and Children's Services Children's Mental Health Services

The Children's Mental Health Services program funds transfer-payment agencies that provide services to children and/or the families of children who have social, emotional, or behavioural problems or psychiatric disorders. Under provisions of the *Child and Family Services Act*, approximately 250 community-based agencies are funded. The types of services offered include assessment, psychiatric therapy, counselling, crisis intervention, and skills training and education, as well as residential-based services (mental health services offered in a residential setting) to children who require more intensive assistance.

Children's Mental Health Services expenditures have increased substantially since the time of our last audit, from \$213 million in 1996/97 to \$315 million in 2002/03. However, most of this increase has been spent on several new initiatives in the last two years that in most cases provide intensive services to relatively few individuals with complex special needs.

We concluded that the Ministry was not adequately monitoring and assessing the quality of the services provided by the community-based agencies it was funding. As a result, the Ministry could not be assured that vulnerable children in need were receiving the care and assistance they required. More specifically, we found that the Ministry:

- had not established service quality standards and service evaluation criteria to help ministry staff monitor whether or not services were of an acceptable quality and represented value for money spent;
- had not established waiting-time standards for access to service that were reasonable and commensurate with individual children's needs, and was not monitoring the extent and impact of lengthy waiting times for service; and
- was not receiving or assessing information from agencies about the outcomes of the services they were providing.

We also found that the Ministry's funding decisions were not based on sufficiently detailed and relevant financial and operational information from agencies to ensure that the amounts approved were commensurate with the demand for, and level and quality of, services to be provided.

Our findings were of particular concern because many dealt with issues we had previously raised in our 1997 audit of the program. Although the Ministry agreed with the recommendations in that audit and agreed to implement the necessary corrective action, progress has been less than satisfactory.

We note that the Ministry again agreed with our recommendations in this audit and committed to take the necessary corrective action.

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### 3.03 Ministry of Community, Family and Children's Services Family Responsibility Office

Under the authority of the *Family Responsibility and Support Arrears Enforcement Act, 1996*, the Family Responsibility Office (Office) administers and enforces all court-ordered child and spousal support in Ontario, as well as court-ordered support in many other jurisdictions where the payers are resident in Ontario. The Office also enforces private separation agreements that are voluntarily registered with a court and filed with the Office. At the time of our audit, the Office was administering approximately 180,600 family-support cases.

During the 2002/03 fiscal year, the Office collected approximately \$561 million from support payers and forwarded a similar amount to support recipients. However, as of the end of that same year, payment arrears totalled approximately \$1.3 billion, which represented an 8% increase since our 1999 audit. We also noted that approximately 23,000 support recipients, whose cases were in arrears totalling over \$200 million, were receiving provincial social assistance.

It is our view that unless the Office takes aggressive enforcement action, supported by effective case management and significantly improved information technology and communications systems, it is in grave danger of failing to meet its mandated responsibilities. Our specific findings included the following:

- Since 1994, the number of caseworkers has declined by 20%, whereas the number of cases has increased from 126,000 to 180,000, with the result that the average number of cases per caseworker has steadily increased. For example, the average number of cases with outstanding work items assigned to senior caseworkers has been ranging from 600 to more than 1,300, averaging 890 cases per caseworker.
- The Office's practice of commencing enforcement action only after being notified by recipients of non-payment resulted in unreasonable delays in enforcement. On average, seven months elapsed between the time support fell into arrears and the time the Office initiated the first enforcement action.
- More than half the cases in arrears we reviewed had inordinately long gaps—often as long as two years—between enforcement actions.

Staff efforts to enforce support obligations and to provide responsive client services continued to be significantly hampered by the Office's inability to develop and implement the necessary improvements to its computer system. Although the Office indicated as far back as 1994 that the current computer system must be replaced, the same computer system continued to be used even though it cannot provide timely and appropriate information to facilitate client service or management of the program.

We also found that almost 90% of telephone calls made from outside the Greater Toronto Area to the Office's call centre were blocked and therefore not answered. As a result, clients had to call repeatedly in order to get through.

We made a number of recommendations for improvement and received commitments from the Office that it would take action to address our concerns.

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### 3.04 Ministry of Consumer and Business Services Policy and Consumer Protection Services Division

The mandate of the Policy and Consumer Protection Services Division (Division) of the Ministry of Consumer and Business Services is to oversee business and other practices in the Ontario marketplace. The Marketplace Standards and Services Branch, which accounts for approximately two-thirds of the Division's expenditures, administers various statutes relating to consumer protection and business licensing. Its activities include the registering and licensing of a number of industries, processing consumer complaints, inspecting businesses for compliance with consumer protection acts, and investigating alleged infractions.

Since 1997, the Ministry has also delegated the administration of several consumer and public safety statutes in such sectors as amusement devices, boilers, elevators, fuels, electricity, and new home warranties to eight delegated authorities. The delegated authorities are not-for-profit corporations that carry out the day-to-day functions of ensuring public safety and consumer protection by regulating and monitoring business practices in their industry. Nevertheless, the Ministry retains overall responsibility for the outcomes of the delegated authorities' activities in protecting the consumers and the public. The Division's Sector Liaison Branch is responsible for overseeing the eight delegated authorities.

In the 2002/03 fiscal year, the Division had approximately 100 staff and operating expenditures of approximately \$9.7 million.

We found that the Marketplace Standards and Services Branch (Branch) did not deploy its inspection resources based either on an assessment of risk or on the number of complaints it received. For example, while the practices of debt collectors had been the number one source of complaints and inquiries received by the Branch, with a total of approximately 4,000 received in 2001/02, the Branch conducted fewer than 10 inspections of collection agencies. In contrast, although the Branch received only eight complaints about theatres and video retailers, the Branch devoted 95% of its inspection resources and conducted 1,600 inspections to check whether video retail stores were operating with a valid licence and were selling adult videos only with proper stickers indicating their ratings.

With respect to the delegated authorities, we noted that:

- The Ministry had not ensured that data on the outcome of delegated authorities' activities, as reported by them—such as the number of safety-related incidents and the number of serious injuries—were reliable.
- The Ministry had not assessed the sufficiency and appropriateness of the enforcement activities undertaken by the delegated authorities in response to identified violations.
- The Ministry was unable to obtain adequate information about the outcomes and activities of the Ontario New Home Warranty Program to assess whether new homeowners were being properly protected.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take action to address our concerns.

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### 3.05 Ministry of Education Curriculum Development and Implementation

The *Education Act* gives the Minister of Education broad authority over the “courses of study that shall be taught” to the province’s 1.4 million elementary and 700,000 secondary students in its 4,000 elementary and 800 secondary schools.

Prior to 1996, school boards had considerable latitude regarding the curriculum that they taught. In 1996, however, the Ministry of Education undertook, for the first time, the development of a province-wide curriculum. The Ministry began introducing the new curriculum in September 1997 and completed its development work with the introduction of the grade 12 curriculum in September 2002. The Ministry estimated that the costs of developing and implementing the new curriculum between 1996 and January 31, 2003 were about \$488 million.

We concluded that the process by which the Ministry developed the new curriculum was appropriate, and according to most of the educators we interviewed, it resulted in a good-quality product that was an improvement over what they had before.

However, the educators we interviewed expressed concerns regarding the way the curriculum was implemented. Their major concern was that the Ministry rushed the implementation, with the result that a new curriculum and changes in student assessment practices were introduced before appropriate training, textbooks, and other materials were readily available. This made the initial years of implementation extremely difficult for students and teachers.

Educators also expressed concerns about the suitability of the new curriculum for weaker students. Recent studies and test results indicated that many students are still not succeeding under the new curriculum and that many students are entering secondary school without the educational foundation required to graduate.

We also concluded that the Ministry and the school boards we visited did not have sufficient and reliable information to, for example:

- measure and report on the extent to which students have learned the new curriculum in grades and subjects other than those that have been tested province-wide;
- measure the extent to which consistency in student assessment has been achieved among the province’s schools; and
- identify and prioritize the problems underlying poor student achievement; develop viable improvement plans; and track and report results.

We made recommendations for improving curriculum implementation processes and the Ministry committed to taking corrective action.

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### 3.06 Ministry of Enterprise, Opportunity and Innovation Business and Economic Development Activities

The Ministry of Enterprise, Opportunity and Innovation was created on April 15, 2002, with the amalgamation of the science and technology activities of the former Ministry of Energy, Science and Technology with the business and economic development activities of the former Ministry of Economic Development and Trade. The new Ministry's mandate is to foster an Ontario with competitive businesses and a prosperous economy by promoting innovation, economic growth, and job creation. In the 2002/03 fiscal year, the Ministry employed 300 staff and spent \$78.9 million to carry out its business and economic development activities.

We concluded that the Ministry did not have the necessary strategic planning processes and information systems to support training institutions in addressing skills shortages and to assist Ontario businesses in expanding their export potential. For example, we noted the following:

- The Ministry had not evaluated the Strategic Skills Investment program to determine whether the program was successful in addressing the current and anticipated skills needed to ensure business competitiveness in Ontario and to ensure that students obtained employment in their respective areas of training.
- The Ministry had not developed methods to measure the extent to which it had achieved its objective of promoting innovation, economic growth, and job creation. Instead, the Ministry tended to assess performance by measuring activities; for example, it assessed export trade performance by monitoring the number of clients assisted rather than by determining whether any increases in export trade had actually occurred as a result of ministry activities.

We found that the Ministry's advertising and marketing campaign to encourage investment in the province was well planned and that appropriate research was carried out to support the development of a focused marketing plan.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take action to address our concerns.

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### 3.07 Ministry of Enterprise, Opportunity and Innovation Science and Technology

The goals of the Ministry of Enterprise, Opportunity and Innovation are to promote innovation, economic growth, and job creation. To help achieve these goals, the Ministry funded several major science and technology programs and spent \$1.3 billion between April 1, 1998 and March 31, 2003. The government announced total program commitments of \$4.3 billion.

During our audit, we did not receive adequate access to all the information we requested from the Ministry—information that the Ministry must provide to us under section 10 of the *Audit Act*. Such limitations on our access to information prevented us from being able to conclude on our audit objectives. Nevertheless, we noted a number of concerns as follows:

- The Ministry has paid the Ontario Innovation Trust \$750 million to support the capital cost of research in Ontario, but the Ministry receives virtually no information from the Trust and does not have the required monitoring processes in place to hold the Trust accountable for its expenditure of public funds.
- The Innovation Institute of Ontario (IIO)—a non-profit corporation that administers the Ontario Research and Development Challenge Fund—often disposed of research-proposal assessments without the required written consent from the Ministry.
- We recalculated a sample of 2001/02 Ontario Research Performance Fund grants and found that one institution was underpaid by \$277,000 and another was overpaid by \$147,000. We notified the Ministry of these errors, which were subsequently corrected.
- We found that the marks on the Ministry's summary of the Premier's Research Excellence Awards competition did not agree with the reviewers' original score-sheet marks. Such findings limit the Ministry's ability to demonstrate the fairness of the selection process.
- A review of the minutes from advisory board meetings where research proposals were recommended for funding revealed occasions on which a conflict of interest should have been declared, but there was no indication in the minutes that a conflict had been declared.
- In July 2000, the Ministry single-sourced the administration of the Ontario Research and Development Challenge Fund to the IIO. According to ministry documents, the Ministry did not issue a request for proposals (RFP) because once an RFP is out, anyone who is eligible must be treated fairly in the process, and problems could arise if a bidder was not dealt with fairly. This contradicts the basic principles of government procurement.
- The Ministry measured its performance in terms of the expected growth in the value of non-government-sponsored research over the next five years. This measure is future oriented and does not reflect the ongoing impact of the Ministry's expenditures to date.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take action to address our concerns.

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### 3.08 Ministry of the Environment Environet

The Ministry of the Environment has a broad mandate to restore, protect, and enhance Ontario's environment. It works to ensure cleaner air, water, and land, and healthier provincial ecosystems, through a number of acts and associated regulations, including the *Ontario Water Resources Act* and the *Environmental Protection Act*.

In 2000, the Ministry developed a new information technology vision and strategy, called Environet, to strengthen the delivery of its environmental programs. At the time of our audit, the Ministry had spent approximately \$17.1 million developing the four Environet management information systems we reviewed.

We concluded that, at the time of our audit, the Ministry's Environet systems did not provide ministry staff with the information needed to support the Ministry's responsibilities of ensuring that drinking water meets regulatory standards, that hazardous waste movements are properly controlled, and that all air emissions are monitored and reported where required. Our major findings were:

- Total inspection activity is currently at 73% of 1995/96 levels, and inspectors are averaging fewer inspections annually. Given the significant increase in the number of facilities now covered by new regulations, the Ministry needs to develop a strategy to deal with these new facilities. For example, last year inspectors visited only 54 of the 357 private, drinking water treatment plants and 44 of the 1,119 smaller plants and designated facilities.
- Three hundred of 1,476 registered non-municipal waterworks had never submitted any test results to the Ministry, and 612 (27%) of registered waterworks had not submitted the minimum number of water samples for two of the highest-risk substances, *E. coli* bacteria and fecal coliform.
- Although exceedances (water samples with unacceptably high concentration levels of regulated substances) were only a small proportion of the total samples submitted to the Ministry, we did identify 6,725 exceedances since 2001. Of these, 3,181 were Adverse Water Quality Incidents, which are more serious exceedances that can affect human health. Ministry systems and procedures did not ensure that all Adverse Water Quality Incidents were reported and addressed. For example, the Ministry was not aware of 31 out of 46 Adverse Water Quality Incidents that had occurred at one waterworks.
- Less than 1% of the province's hazardous waste movements were monitored by the new hazardous waste information system. An older, inefficient paper-manifest system was still being used to handle almost all transactions because the new system could not accept paper submissions. We also noted no evidence of follow-up action on over 5,000 unauthorized hazardous waste movements flagged by the system.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take action to address our concerns.

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### 3.09 Ministry of Health and Long-Term Care Public Health Activity

Under the direction of the Chief Medical Officer of Health, the Ministry's Public Health Branch is responsible for administering the Public Health Activity. The primary legislative authority governing the Activity is the *Health Protection and Promotion Act*. During the 2001/02 fiscal year, the Ministry provided approximately \$222 million to 37 local health units, primarily for the delivery of mandatory health programs and services.

We concluded that the Ministry did not have adequate procedures to ensure that its expectations for public health were being met in a cost-effective manner. In particular, we were concerned that the Ministry had not analyzed the extent to which individuals received differing levels of service depending on where in Ontario they live. For instance, in 2002, per capita funding for mandatory health programs and services ranged from approximately \$23 to \$64 among the 37 local health units.

The Ministry had conducted virtually no regular assessments in the last five years to determine whether the health units were complying with the guidelines for mandatory programs and services. Such assessments were recommended in the *Report of the Walkerton Inquiry*. We also noted the following:

- Of the 33 local health units reporting information to the Ministry, 13 had conducted the required inspections for less than 50% of the high-risk food premises within their jurisdiction. Also, 17 health units reported that less than half of the high-risk food premises in their jurisdictions had food handlers who had the required training.
- In 2001, local health units inspected only approximately 60% of Ontario's tobacco vendors to verify compliance with the Mandatory Programs and Services Guidelines regarding sales to people under the age of 19.
- In 2001, only 65% of individuals identified as requiring medical surveillance for tuberculosis were successfully contacted and managed by local health units. Also, we were informed that nine local health units would provide a letter for immigrants with inactive tuberculosis to verify that the individuals were complying with federal medical surveillance requirements. However, the units would provide this letter even if the individuals had not had a physical examination and x-ray, which federal guidelines state should be administered to such individuals. This places the community at increased risk.
- The limited information the Ministry had with respect to immunization indicated that at least 14% of children had not had all required vaccinations by age seven.
- The Ministry lacked accurate and timely information on communicable diseases and immunization, limiting its ability to identify and take any necessary action.
- The Ministry had not yet developed a process to ensure that local health units were conducting risk assessments of and taking appropriate action against West Nile virus.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take action to address our concerns.

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### 3.10 Ministry of Training, Colleges and Universities Ontario Student Assistance Program

The Ontario Student Assistance Program (OSAP) is a provincially administered and federally and provincially funded program that provides needs-based financial assistance to full-time students to enable them to attend an approved postsecondary school. The objective of OSAP is to help students from lower-income families meet the costs of postsecondary education so that all qualified students can have access to postsecondary education.

Provincial financial assistance to students is provided primarily by loans under the Ontario Student Loans (OSL) program. The Ministry also administers the Canada Student Loan (CSL) program and the Canada Millennium Bursary (CMB) on behalf of the federal government.

For the 2002/03 fiscal year, provincial OSAP expenditures totalled \$356 million. These expenditures include default claims on loan guarantees, loan forgiveness grants, interest subsidies while students are attending school, interest relief during the repayment stage, and various need- and merit-based bursaries and scholarships.

We concluded that, since our last audit in 1997, the Ministry has taken action to address a number of our recommendations and significantly improve the overall administration of the program. Notwithstanding, there are several areas where further action is required. In particular:

- The Ministry has paid about \$2 million more annually in interest costs and risked at least \$6 million more in annual default costs than it should have because: some loan advances to students are paid earlier than necessary; the Ministry has lenient repayment policies for loan overpayments; and there was a lack of effective monitoring of academic status changes by postsecondary schools, which also caused the Ministry to pay loan forgiveness grants to students who were not eligible to receive them.
- Our own analysis to identify instances and patterns of reporting errors or abuse by students revealed unlikely circumstances that the Ministry ought to have questioned, such as students or parents reporting in their applications an increase of three or more dependent children from the previous year.
- The Ministry could further reduce the cost of defaulted student loans by several million dollars by making greater use of default management practices successfully employed in other jurisdictions. It had also not referred at least 60,000 additional defaulted loans on which collection efforts had been unsuccessful to the Canada Customs and Revenue Agency, which would have collected the outstanding amounts from any future income tax refunds owing to the individuals with the defaulted loans.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take action to address our concerns.