

Reflections

Introduction

I was appointed by the Legislature as Auditor General of Ontario effective September 3, 2013. This Annual Report is the result of the dedicated work by staff in the Office of the Auditor General of Ontario, with input from employees of the public and broader public sectors who co-operated with our audit teams. We all share the same goal: to make a positive difference for all Ontarians.

I would especially like to recognize the work of my predecessor, Jim McCarter, who served as the Auditor General of Ontario for the past 10 years; Deputy Auditor General, Gary Peall; and the experienced Directors in this Office who guided our teams in performing the value-for-money and financial statement audits and follow-up work for this year's Annual Report. In addition, I want to express my thanks to all management and staff for their professionalism and hard work. And to everyone in the Office, a big thank you for your welcoming acceptance of me since my arrival in September.

I feel privileged to have the opportunity to serve as the Auditor General of Ontario, and I look forward to working with Members of the Legislative Assembly, the Standing Committee on Public Accounts, Deputy Ministers and their staff, and management in broader-public-sector organizations.

Value-for-money Audits

There were several common threads in this year's value-for-money audits, including the importance of good information for sound decision-making, and the fact that data to help fully assess program effectiveness is often unavailable. As well, we noted instances where ministries could improve their monitoring and delivery of programs. However, four broad themes also emerged from this year's audits:

- obtaining full value from programs focused on helping vulnerable people;
- improving co-ordination for cost-effective service delivery;
- meeting public expectations; and
- increasing public awareness.

OBTAINING FULL VALUE FROM PROGRAMS FOCUSED ON HELPING VULNERABLE PEOPLE

This year, we audited two programs that focus on helping vulnerable people with a variety of needs: autism treatment and support for children and youth, and help for women and their children who have experienced violence and abuse. Autism services currently being offered do not meet identified needs. The extent of current needs for services for victims of domestic violence is not known.

Autism Services and Supports for Children

Autism is growing more prevalent in Ontario and around the world. Ontario does not have a formal provincial autism strategy. However, the Ministry of Children and Youth Services funds a variety of autism-specific services and supports for children up to age 18 and their families at a cost of about \$182 million in the 2012/13 fiscal year. Despite that, more children with autism are actually waiting for government-funded services than are receiving them.

It can take 3 to 12 months to obtain a diagnosis of autism, depending on where in the province a person lives. Due to long waiting lists, most children in Ontario are almost seven years old when they start Intensive Behaviour Intervention (IBI). Research shows that children who start IBI before age 4 have better outcomes than those who start later. Wait times and service levels can vary between regions in the province.

Although research also shows that children with milder forms of autism have better outcomes with IBI, the program is currently available only to those assessed as having severe autism. There is also limited funding and support to help children with autism transition into adolescence and high school. The Ministry needs to re-evaluate its program design to optimize services and outcomes for children with autism.

Violence Against Women

The Ministry of Community and Social Services provides funding for community programs and services to help women and their children who are victims of domestic violence find safety and rebuild their lives. These programs also serve adult survivors of childhood sexual abuse. In the 2012/13 fiscal year, the Ministry spent \$142 million in this area, with about \$82 million of that going to the operation of 95 shelters and the remaining \$60 million for other support services, including community- and telephone-based counselling, and helping

women secure more permanent housing. In all, the Ministry funds more than 200 not-for-profit agencies in local communities to deliver supports and services to abused women and their children.

Overall, we found that the Ministry did not have sufficient information to properly assess the effectiveness of the programs and services offered to victims of violence, and therefore know whether services were sufficient to meet the needs of abused women and their children.

IMPROVING CO-ORDINATION FOR COST-EFFECTIVE SERVICE DELIVERY

Our audits of both the Healthy Schools Strategy and Rehabilitation Services at Hospitals identified a need for improved program co-ordination. In the case of the Healthy Schools Strategy, this will involve the Ministry of Education and school boards better integrating their activities with other ministries and organizations to work toward healthy child and youth development. With respect to rehabilitation services, this will involve the Ministry of Health and Long-Term Care working with the Local Health Integration Networks and service providers to establish a province-wide co-ordinated system for rehabilitation and restorative inpatient services, along with all community-based outpatient services.

Healthy Schools Strategy

The number of overweight children and youth in Canada has increased dramatically in the past 30 years, with nearly one in three being overweight and almost 12% considered obese. The Healthy Kids Panel recently reported that obesity alone cost Ontario about \$4.5 billion in 2009, including \$1.6 billion in direct health-care costs. The Ministry of Education established policies to support student learning and growth through proper nutrition, and to set nutrition standards for food sold in public schools. In 2005, the Ministry also revised the school curriculum to require that all elementary

students get 20 minutes of daily physical activity during instruction time.

We noted that school food is currently not monitored to ensure compliance with nutrition standards in the School Food and Beverage Policy, and the Ministry does not know how successful the Policy has been or whether it has helped students eat healthier foods. We also found that not all elementary students were getting 20 minutes of daily physical activity during instruction time as required by ministry policy. The Ministry and school boards need to ensure compliance with their requirements, work more effectively across government to better integrate and align student nutrition programs, explore best practices elsewhere, and work with other organizations and stakeholders, including parents, to promote healthy eating and physical activity for students.

Rehabilitation Services at Hospitals

The Ministry of Health and Long-Term Care funds rehabilitation services for eligible Ontarians, including all hospital rehabilitation inpatients and hospital-registered outpatients. Demand for these services is expected to grow significantly as the population ages. Rehabilitation services include physiotherapy, occupational therapy, speech-language pathology, social work and nursing. These services assist people who have had certain types of surgery, and those with injuries, chronic conditions and disabilities, to help them regain, maintain or improve their health.

There is currently no provincially co-ordinated rehabilitation system in Ontario. Each hospital has its own processes, and a patient deemed eligible for a service at one hospital might not be eligible for the same service at another. These services have evolved across the province over many years such that there are now significant variations in the availability and type of services provided, which can affect patient access to care. Many stakeholder associations have called for better provincial co-ordination of rehabilitation programs in order to

help people transition from acute care to rehabilitation and to ensure patients receive cost effective rehabilitation where and when they need it.

MEETING PUBLIC EXPECTATIONS

In a number of the areas we audited, public expectations are pretty clear. With respect to land ambulance services, for example, the public expects an ambulance to arrive quickly, stabilize a patient and then get that patient to hospital fast. Ontarians expect provincial parks to be well-maintained and the wildlife and natural surroundings in those parks to be protected for the enjoyment of people today and tomorrow. The public also expects there to be employment opportunities for doctors in Ontario when their training has been paid for by the province, in order to reduce patient wait times. And ratepayers expect to pay a reasonable price for electricity. However, these expectations are not always fully met.

Land Ambulance Services

In the 2011/12 fiscal year, the total cost of land ambulance services was an estimated \$1.1 billion, with \$627 million of that funded by the Ministry of Health and Long-Term Care, and \$477 million funded by municipalities. Under the *Land Ambulance Act*, the Ministry must ensure the existence across Ontario of a balanced and integrated system of ambulance services, including the communication services used to dispatch those ambulances. Municipalities are responsible for ensuring the proper provision of land ambulance services within their municipal boundaries in accordance with the needs of people in their municipality.

Ministry funding of land ambulance services almost doubled between the 2004/05 and 2011/12 fiscal years, but the number of patients transported in that same period rose by only 18%. The Ministry does not know whether the additional funding produced better service levels and patient outcomes. In 2012, only about 60% of municipalities

responded to 90% of their emergency calls within the target of 15 minutes. Furthermore, there is no patient-centred measure and analysis of the time from receipt of an ambulance call to the time an ambulance arrives at a patient's location.

Health Human Resources

In the last six years, the Ministry of Health and Long-Term Care spent \$3.5 billion through its HealthForceOntario strategy to address the shortages of physicians, nurses and other health professionals across Ontario. Overall, Ontario has seen an 18% increase in the number of physicians from 2005 to 2012, and a 10% increase in the number of nurses from 2006 to 2012. While provincial initiatives have increased enrolment in training programs, created more postgraduate training positions, and attracted more doctors and nurses from other jurisdictions, Ontario has not met its goal of having the right number, mix and distribution of physicians across the province to meet the population's current and future health-care needs. For example, the province has spent significantly to train many specialists—who then leave the province because there are no full-time employment opportunities for them here. One-third of Ontario-funded surgical specialist graduates left the province each year from 2005 to 2011. This is happening at a time when patients continue to experience long wait times for services these specialists could provide.

Provincial Parks

It has been a challenge for the Ministry of Natural Resources to meet its legislated mandate within its funded resources, to protect Ontario's provincial parks system and provide ecologically sustainable recreation because of the growth of the parks system and the Ministry's expanded responsibilities under the *Provincial Parks and Conservation Reserves Act, 2006*. Ontario has 334 provincial parks, of which about one-third are operating parks that provide such recreational opportunities as

day-use areas and overnight camping. In 2012/13, these 114 operating parks, which charge user fees, attracted more than nine million visitors. Our audit notes that there has been significant environmental damage to parks, but no meaningful strategies to address this damage. As well, there is little or no enforcement of hunting and fishing regulations in significant portions of the provincial parks system; enforcement of the prohibition of activities such as commercial timber harvesting and mining is also weak. Further, the Ministry estimates that it will need about \$590 million to improve buildings, bridges, roads, drinking water systems and other park assets in poor or defective condition.

Ontario Power Generation (OPG) Human Resources

OPG has relatively generous employee compensation and benefit practices. About two-thirds of OPG's operating costs are human resources-related, and reached \$1.7 billion in 2012. It is therefore critical that OPG's human resources expenditures be effectively managed. A number of reviews of OPG have highlighted concerns over high staffing and compensation levels. OPG offers its employees generous pension plan benefits, questionable relocation allowances and compensation significantly higher than comparable positions in the Ontario Public Service, as well as a generous annual incentive bonus plan for non-unionized employees. Although OPG has been undergoing a business transformation process since 2010, there still are many areas relating to compensation and benefit practices, staffing levels, recruitment practices, performance management, succession planning, outsourcing arrangements, overtime usage, absenteeism and staff training that need further improvement.

INCREASING PUBLIC AWARENESS

Two of our audits this year address the importance of public awareness—making the public more aware of services provided directly by the government, and

giving people a clearer and fuller picture of areas where the government provides less oversight than the public might reasonably expect. In the case of ServiceOntario, it is important that people be aware of the varied services it offers, and how they can access those services. The public should also know that the Ministry of Education has only limited involvement with private schools.

ServiceOntario

ServiceOntario provides centralized service delivery to people and businesses seeking government information. It administers programs for birth, marriage and death certificates; business services, including company registrations; personal property security registrations, such as liens on vehicles; and land registrations, searches and title services. ServiceOntario also provides driver's licence renewals, vehicle registrations, and health-card renewals and registrations. In 2012/13, ServiceOntario had approximately 2,000 staff, spent \$289 million and collected \$2.9 billion in revenues. Notwithstanding its success in centralizing services, ServiceOntario could still make more operational improvements. In the 2012/13 fiscal year, only 30% of ServiceOntario transactions were done online, well short of its forecast of 55% to 60%. An effective strategy that includes heightened public awareness of the availability of these services, and pricing incentives, would help ServiceOntario meet this forecast and reduce costs. In addition, the risk of fraud exists with the continued use of the 3.1 million remaining older red-and-white health cards still in circulation as well as from frequent transaction processing errors.

Private Schools

Ontario has one of the least regulated private-school sectors in Canada. The Ministry provides very little oversight to ensure that private-school students receive satisfactory instruction. On its website, the Ministry cautions parents to exercise due diligence before entering into a contract with a

private school to educate their children. All private schools must be registered with the Ministry of Education. During the 2012/13 school year, there were over 1,000 registered private elementary and secondary schools in Ontario that informed the Ministry that they had enrolled about 110,000 students. These schools are not required to follow policies developed for publicly funded schools, and do not have to follow the Ontario curriculum unless they offer credits toward the Ontario Secondary School Diploma.

Based on the Ontario secondary school literacy standardized test results that we reviewed, a greater percentage of public-school students than private-school students met the provincial standard, with private-school results varying from well below average to excellent. We also noted that there is a risk that some private schools may be operating unlicensed child-care centres and that the Ministry needs to control and monitor its issuance of blank grade 12 diplomas to private schools to guard against diploma fraud.

Special Audits

Under the *Auditor General Act*, we perform assignments as requested by the Legislature, by a resolution of the Standing Committee on Public Accounts, by the Premier, or by a Minister of the Crown. The reports of Special Audits are normally tabled upon completion, separately from our Annual Report. This year, the Office issued the following Special Audit reports (available on our website at www.auditor.on.ca):

- *Mississauga Power Plant Cancellation Costs*; and
- *Oakville Power Plant Cancellation Costs*.

At the time of writing, two other special audits requested by the Standing Committee on Public Accounts were well in progress: the divestment of the Ontario Northland Transportation Commission and the modernization plan of the Ontario Lottery and Gaming Corporation, including cancellation of

the slots at racetracks program. The Office is starting a third special audit on the cost of the revised collective agreements for teachers in Ontario.

The Government's Consolidated Financial Statements

The objective of a financial statement audit is to express an opinion on whether the financial statements have been fairly presented. I am pleased to report that for the 20th straight year, my Office has concluded that the government's consolidated financial statements were fairly presented. This year the audit opinion was signed by Deputy Auditor General Gary Peall, who served as Acting Auditor General following the retirement of former Auditor General Jim McCarter on May 1, 2013.

Financial Audits

The Office spends considerable resources on conducting and overseeing financial statement audits. In the case of the financial statement audits of Crown agencies completed this year, we concluded that all were fairly presented. Our Office also assisted several agencies with their transition to public-sector accounting standards during the past year.

Legislating Accounting

In the past few years, the government has chosen to legislate how certain transactions should be accounted for in either the consolidated financial statements of the province or other public-sector entities.

So far, the impact of this on the consolidated financial statements of the province has not been considered material, in that it would not change a reader's interpretation of the financial position and operations of the government. However, I share my predecessor's concerns about legislating accounting treatments that depart from generally accepted accounting principles established by the independent standard-setter, CPA Canada (formerly the Institute of Chartered Accountants of Canada). This could, in the future, put the Auditor General in the position of concluding that, although the accounting complies with legislation, the financial statements are not fairly presented under Canadian generally accepted accounting principles.

The Province's Financial Condition

Our updated analysis of the province's financial condition is discussed in Chapter 2. The government will need to continuously monitor and take action to manage its debt in a sustainable manner.

Implementation of Our Recommendations

A key part of the work of my Office has to do with follow-ups; each year, the Office revisits each of the value-for-money audits performed two years earlier to assess the progress that auditees have made on our recommendations.

Many of the recommendations in our *2011 Annual Report* were either substantially or partially implemented, although additional work remains to be done in several areas, where we will continue to monitor progress. Follow-ups are discussed in detail in Chapter 4.

Responsibilities Under the *Government Advertising Act, 2004*

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

In the 2012/13 fiscal year, we reviewed 572 advertisements in 130 submissions with a total value of \$30.1 million. We noted again this year that the government spent significantly on Internet advertising, which is not covered by the Act and thus is beyond our review to ensure it is not partisan. A full discussion of this issue and our advertising work can be found in Chapter 5.

Standing Committee on Public Accounts

Over the years, Ontario has had a diligent and active Public Accounts Committee. Since my arrival, I have seen that this is still very much the case. Just as my predecessor did, I believe that from a pragmatic perspective, the Committee's support of our work encourages the implementation of our recommendations. Members of the Committee play a vital role in ensuring that any needed improvements in operational cost-effectiveness and service levels are made by the public and broader public sectors.

Acknowledgements

On behalf of my Office, I want to thank the many people in the public and broader public sectors involved in our work for their assistance and cooperation in the completion of this year's Annual Report. We look forward to continuing to serve the Legislative Assembly and, through it, the citizens of Ontario.