

## Chapter 3

### Section 3.07

# Toward Better Accountability

## Standing Committee on Public Accounts Follow-Up on Chapter 5, 2015 Annual Report

The Committee held a public hearing on our 2015 Chapter 5 Toward Better Accountability in April 2016. It tabled a report in the Legislature resulting from this hearing in December 2016. The full report can be found at [www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html](http://www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html).

The Committee made six recommendations, consisting of eight action items, and asked that Treasury Board Secretariat report back by the beginning of April 2017. Treasury Board Secretariat formally responded to the Committee on April 5,

2017. Many issues raised by the Committee were similar to those in our audit observations in 2015, which we have also followed up on this year (see **Chapter 1**). The status of each of the Committee's recommended actions is shown in **Figure 1**.

We conducted assurance work between March 3, 2017 and July 26, 2017, and obtained written representation from Treasury Board Secretariat on September 12, 2017, that it had provided us with a complete update of the status of the recommendations the Committee made.

**Figure 1: Status of Actions Recommended in December 2016 Committee Report**

Prepared by the Office of the Auditor General of Ontario

	# of Actions Recommended	Status of Actions Recommended			
		Fully Implemented	In Process of Being Implemented	Little or No Progress	Will Not Be Implemented
Recommendation 1	1	1			
Recommendation 2	1	1			
Recommendation 3	2	2			
Recommendation 4	1		1		
Recommendation 5	2		2		
Recommendation 6	1		1		
<b>Total</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>0</b>
<b>%</b>	<b>100</b>	<b>50</b>	<b>50</b>	<b>0</b>	<b>0</b>

## Overall Conclusion

According to the information Treasury Board Secretariat provided to us, as of July 26, 2017, 50% of the Committee's recommended actions

had been fully implemented, and a further 50% of the recommended actions were in the process of being implemented.

**Figure 2** shows the recommendations and the status details that are based on responses from Treasury Board Secretariat, and our review of the information provided.

### Figure 2: Committee Recommendations and Detailed Status of Actions Taken

Prepared by the Office of the Auditor General of Ontario

Committee Recommendation	Status Details
<p><b>Recommendation 1</b></p> <p>Treasury Board Secretariat provide the Committee with statistics on the timeliness of all agency submissions and public reporting of annual reports for agencies' 2015 fiscal year results.</p> <p><b>Status: Fully implemented.</b></p>	<p>Treasury Board Secretariat provided the Committee with its most up-to-date statistics on the timeliness of agency annual report submissions and posting to a website for the 2015/16 fiscal year. The timeliness requirements of the Agencies and Appointments Directive as of its July 2016 revision were the basis for determining compliance.</p> <p>The statistics covered 100% of agencies (excluding advisory agencies), and the results were as follows:</p> <ul style="list-style-type: none"> <li>• Fifty percent of agencies submitted their annual reports within the 90 or 120 days required by the Agencies and Appointments Directive.</li> <li>• Seven percent of agency annual reports were approved and tabled within 60 days of the responsible Minister receiving the report.</li> <li>• Fifty percent of agency annual reports were posted on a website within 30 days of receiving ministerial approval or being tabled in the Legislature.</li> </ul>

Committee Recommendation	Status Details
<p><b>Recommendation 2</b></p> <p>Treasury Board Secretariat provide the Committee with a summary of steps already taken to improve the timely ministerial approval of agency annual reports, as well as a detailed plan outlining what further steps will be taken to improve the timeliness of these approvals.</p> <p><b>Status: Fully implemented.</b></p>	<p>The steps already taken to improve the timely ministerial approval of agency annual reports are:</p> <ul style="list-style-type: none"> <li>• <i>Compliance attestations</i>—The Agencies and Appointments Directive, effective February 2015, requires that the Chairs and CEOs of provincial agencies attest to their organization’s compliance with applicable legislation, regulation, directives and policies as a part of the government’s broader Certificate of Assurance process. This includes compliance with the Agencies and Appointments Directive’s 90- or 120-day deadlines for submitting annual reports. The Compliance attestation is required for board governed, adjudicative, regulatory and non-board governed agencies and was first implemented for fiscal 2015/16.</li> <li>• <i>Revision to the Agencies and Appointments Directive</i>—In July 2016, Treasury Board Secretariat revised the Agencies and Appointments Directive in response to a recommendation by the Office of the Auditor General of Ontario. The revision stipulates that the responsible Minister must approve an agency’s annual report (and, where required by statute, table it in the Legislature) within 60 days of receiving it from the agency. The annual report must also be posted on the agency’s or a government website within 30 days of tabling (if the report was tabled) or within 30 days of the Minister’s approval if it was not tabled.</li> </ul> <p>Further steps to improve the timeliness of approvals are:</p> <ul style="list-style-type: none"> <li>• launching a compliance tracking system in May 2017. Ministries will continue to be responsible for tracking the status of documents for their agencies as they move through the approval process, but will now use the system to report to Treasury Board Secretariat when key milestones are approached and reached. The compliance tracking system gives Treasury Board Secretariat real-time information of all agencies’ status in meeting their deadlines. Treasury Board Secretariat was planning to proactively reach out to ministries to ensure they meet their deadlines.</li> <li>• providing education and training on the compliance tracking system beginning in June 2017. Additional education and training will be provided as necessary.</li> <li>• assessing the compliance tracking system’s effectiveness. Refinements and enhancements to the system are expected to be completed by October 2017. Treasury Board Secretariat will be able to identify approaching deadlines and proactively intervene to improve compliance.</li> </ul>

Committee Recommendation	Status Details
<p><b>Recommendation 3</b></p> <p>Treasury Board Secretariat provide the Committee with a jurisdictional analysis of timelines and best practices for filing in other provincial governments.</p> <p><b>Status: Fully implemented.</b></p> <p>As well, provide the steps and associated time frames Treasury Board Secretariat will take to better align Ontario with best practices used in other provinces for the timely release (or tabling) of annual reports.</p> <p><b>Status: Fully implemented.</b></p>	<p>Treasury Board Secretariat provided the Committee with the requested jurisdictional analysis of timelines for filing in other provincial governments. Some highlights are:</p> <ul style="list-style-type: none"> <li>• In most provinces, there is no centralized process for receiving agencies' annual reports. The Minister and ministries responsible for these agencies receive, approve, table and post their annual reports.</li> <li>• The approvals required to table/post agencies' annual reports vary between jurisdictions.</li> <li>• Newfoundland and Labrador estimates that approximately 70% of annual reports are submitted on time, and delays are usually due to the timing and the availability of the agency's audited financial statements. Agencies typically table their annual reports within the required time frames.</li> <li>• New Brunswick has a best practice of providing guidance material and tools relating to the annual report process. It hosts a kick-off meeting each year to launch this process. This meeting provides an opportunity to share the past year's performance and new requirements or process improvements. There is also a question-and-answer session on key issues.</li> </ul> <p>To better align Ontario with best practices, the Treasury Board Secretariat is taking/ will take the following steps:</p> <ul style="list-style-type: none"> <li>• Treasury Board Secretariat implemented the education, training and communication best practice from New Brunswick. For example, the kick-off meeting identified as a best practice in New Brunswick was incorporated into the training performed in June 2017.</li> <li>• In addition, best practices identified from Newfoundland and Labrador included using a calendar and timeline tracker to ensure that the ministries were able to see due dates. These features were added into the functionality of the tracking system along with early warning notifications.</li> </ul>
<p><b>Recommendation 4</b></p> <p>Treasury Board Secretariat provide the Committee with a plan to engage the Clerk of the Legislative Assembly to ensure legislators are notified when a report has been released, including timelines.</p> <p><b>Status: In the process of being implemented by April 2018.</b></p>	<p>Treasury Board Secretariat consulted with the Clerk of the Legislative Assembly of Ontario in July 2017 on a proposed method for notifying elected officials and the Standing Committee on Government Agencies. Subsequently, Treasury Board Secretariat received government approval to update the Agencies and Appointments Directive to require tabling of all provincial agency annual reports. This will result in elected officials being notified through the tabling process when an annual report is publicly released. Treasury Board Secretariat expects the updates to the Directive will be ready by April 2018.</p> <p>Additionally, Treasury Board Secretariat is working on options for changing legislation to be consistent with the Agencies and Appointments Directive for the submitting, tabling and posting of all applicable agency annual reports. Treasury Board Secretariat is expected to finalize the changes in fall 2017.</p>

Committee Recommendation	Status Details
<p><b>Recommendation 5</b></p> <p>Treasury Board Secretariat provide the Committee with a summary of the results of the legislative review that has been undertaken, including the identification of opportunities to:</p> <ul style="list-style-type: none"> <li>• co-ordinate legislative amendments to help eliminate inconsistencies in reporting requirements between the Agencies and Appointments Directive, applicable legislation, and agencies' Memorandums of Understanding; and <b>Status: In the process of being implemented by fall 2017.</b></li> <li>• create a more consistent way to publicly report all annual reports. <b>Status: In the process of being implemented by fall 2017.</b></li> </ul>	<p>Treasury Board Secretariat provided the Committee with a summary of the results of its legislative review. The review identified all statutory references to both the preparation and the tabling of provincial agency annual reports. It found 129 references to 119 provincial agencies associated with 19 ministries in 63 statutes, 10 regulations and five Orders-in-Council.</p> <p>Based on its review, Treasury Board Secretariat analyzed options to help eliminate inconsistencies in reporting requirements, such as standardizing all statutory language related to provincial agency annual report production, amending legislation and/or amending the Agencies and Appointments Directive. Treasury Board Secretariat expects to present the Committee with a more specific identification of the opportunities that will be pursued by fall 2017.</p> <p>Treasury Board Secretariat is also considering approaches that would create a more consistent way to publicly report all annual reports. This might involve amending legislation and/or amending the Agencies and Appointments Directive. Treasury Board Secretariat expects to present the Committee with a more specific identification of the opportunities that will be pursued by fall 2017.</p> <p>Once the opportunities are more specifically laid out and action is taken (for example, if legislation is to be amended, once the amendments are made), Treasury Board Secretariat will update guidance material to reflect any changes made.</p>
<p><b>Recommendation 6</b></p> <p>Treasury Board Secretariat, in consultation with the Clerk of the Legislative Assembly, develop a mechanism for tracking the public release of annual reports and determine how best to make this information available to the Members of the Legislative Assembly. This tracking mechanism should include required time frames for the public release/tabling of each agency's annual report and the actual release date. <b>Status: In the process of being implemented by fall 2017.</b></p>	<p>Treasury Board Secretariat implemented a compliance tracking system in May 2017. Ministries will continue to be responsible for tracking the status of documents for the agencies over which they have oversight as the documents move through the approval process, but will then have to report to Treasury Board Secretariat when key milestones are approached and reached. This tracking system will give Treasury Board Secretariat information on all agencies' status in meeting their deadlines.</p> <p>Since ministries will be responsible for providing updates as the status changes, Treasury Board Secretariat will be able to proactively intervene to improve compliance.</p> <p>Treasury Board Secretariat will seek to amend the Agency and Accountability Directive to include notification methods of making members of the Assembly aware of the publication of provincial agency annual reports. These notification methods are expected to align with the legislative amendments expected to be updated by Fall 2017.</p> <p>In July 2017, Treasury Board Secretariat met with the Clerk of the Legislative Assembly of Ontario to discuss the plan for seeking legislative changes.</p>