

Summaries of Value-for-Money Audits

3.01 Assistive Devices Program

The Assistive Devices Program (Program) of the Ministry of Health and Long-Term Care (Ministry) provides basic assistive devices to Ontarians with long-term physical disabilities. (Long-term is defined as requiring a device for six months or longer, with the exception of home oxygen, which has a shorter use requirement.)

The Program funds approximately 8,000 assistive devices in 19 categories, such as mobility, hearing, and respiratory devices. Clients must first have a medical specialist or physician confirm the diagnosis of a long-term disability, and then have the appropriate device prescribed by a specialized health-care “authorizer.”

In 2017/18, the Ministry paid about \$514 million through the Program to organizations (vendors) registered with the Ministry to supply assistive devices to clients. These vendors supplied devices to over 400,000 Ontarians. This represents an approximate 48% increase in both the expenditures and the number of clients over the last 10 years.

We found that the Ministry has improved Program service delivery since our last audit in 2009. However, several areas relating to oversight and device-pricing need improvement to ensure that the Ministry is paying only eligible claims at Program-approved prices.

Among our findings:

- The Ministry consistently continues to overpay vendors for ineligible claims. It has only two compliance staff conducting the post-

payment reviews used to identify and recover overpayments. There are approximately 1,200 vendors submitting 400,000 claims a year. Over the last eight years, the two compliance staff were able to review only 235 vendors in total and effectively recover about \$10 million in overpayments. There may be an opportunity to increase recoveries if more resources were dedicated to conducting post-payment reviews.

- The Ministry needs to be more proactive in following up and taking timely action on vendors suspected of abusing the Program. When early action is not taken, the risk exists that collection of overpayments may be difficult. For example, since 2009, the Ministry has taken issue with 13 vendors significantly abusing the Program and was able to recover only \$1,000 (or 0.02%) of the almost \$5.5 million in estimated payments made to them for ineligible claims.
- The Ministry does not regularly conduct follow-up reviews of vendors known to have submitted ineligible claims in the past. For example, one such vendor repaid about \$250,000 in 2015/16. However, since then there has been no follow-up on this vendor, who continues to submit claims and received about \$5.8 million in total for 2016/17 and 2017/18.
- Device pricing reviews are not conducted consistently and effectively. The Ministry

conducts pricing reviews to set the Ministry's Program-approved maximum price for all models of a particular device, as a basis for paying vendors. The set maximum price is used to pay vendors no matter what model is provided to clients. For example, the Ministry found one of its approved models of a sleep apnea device had a retail price under \$400. However, it kept the Program-approved maximum price for all sleep apnea models at \$860. This means that if a client purchases a sleep apnea device model that could be purchased for \$400 in the retail market, the vendor could still bill the Ministry the maximum price of \$860 because the Ministry is not setting prices on a model-by-model basis.

- Our review of a sample of manufacturer and vendor invoices found varying mark-ups from vendor to vendor, with some mark-ups exceeding 200%. We also found instances where vendors charged clients up to \$1,000 (or about 60%) more per hearing aid than what Program policy allows. More compliance work is needed by the Ministry to ensure vendors do not take advantage of clients in this way.
- The Ministry requires vendors of certain devices to include serial numbers on invoices to ensure it is not paying for used or returned devices. However, the Ministry's system is unable to check, before paying a claim, whether a serial number has already been used in another claim, or even if one was entered at all. Our review of claim data for 2017/18 identified 7,500 claims that did not list serial numbers, and almost 2,300 claims, worth a total of about \$1.5 million, that were paid even though they had duplicate serial numbers.
- The Ministry's information system, implemented almost eight years ago and costing about \$7 million, could be updated to accept claim submissions electronically. However, at the time of our audit, the Ministry still

accepted claims only through the mail. While the Ministry began work in 2018 on changes to its system to allow electronic claim submissions, this work is not scheduled to be fully completed until mid-2020.

3.02 Darlington Nuclear Generating Station Refurbishment Project

Ontario Power Generation (OPG), a corporation wholly owned by the Province, produces more than half of Ontario's electricity through more than 60 hydroelectric stations and two nuclear plants: Darlington Nuclear Generating Station (Darlington Station) and Pickering Nuclear Generating Station.

Darlington Station began operating its four nuclear reactors in 1990, and has generally produced over 15% of Ontario's electricity. In 2006, OPG began assessing the feasibility of refurbishing the four reactors, whose useful life was expected to end in the early 2020s.

In January 2016, OPG publicly announced the execution of the Darlington Nuclear Generating Station Refurbishment Project (Project), which it estimated would cost \$12.8 billion and be completed by February 2026. The Project is expected to extend the useful life of the four reactors to around 2055.

As of June 30, 2018, OPG had spent about \$5 billion on the Project and had about 980 of its own full-time-equivalent staff working on it alongside another 1,500 contractor staff.

While OPG faced significant challenges, cost overruns and delays in Project work begun prior to January 2016, it has applied lessons learned from that work to the remainder of the Project. OPG subsequently established time and cost estimates based on reliable information and reasonable assumptions.

OPG currently forecasts the Project will meet the time and cost estimates it publicly announced in January 2016, but several significant risks remain that could push the Project over its estimates. For example, OPG has to date performed refurbishment

work on only one nuclear reactor at a time. It may face unexpected challenges when, in 2021, it starts working on the refurbishment of more than one reactor at the same time.

The following are some of our additional significant observations:

- OPG will be in competition for skilled trades during several years when the Project will overlap with another refurbishment project at the Bruce Nuclear Generating Station. In particular, a potential shortage of boilermakers, a specialized trade for removing and installing nuclear reactor unit components, will pose the biggest risk.
- OPG estimates that over 30% of its management staff and nearly all of its executives working on the Project will be eligible to retire by 2025, a year before the Project's scheduled completion, which could potentially create a major staffing gap. OPG has not yet identified replacements for all of these potential retirees.
- OPG estimated that it will spend almost \$50 million more overall on Project oversight and support (such as additional assistance to contractors) than it initially estimated. However, OPG has not yet factored in the impact of this additional cost when determining the amount it pays the contractors.
- Prior to starting the main refurbishment work on the four reactors in 2016, OPG started 18 prerequisite projects at a total cost expected to exceed \$725 million, or 75% more than its initial estimate. The main causes for the expected cost overrun include a lack of detailed planning and understanding of the work's complexity, resulting in inaccurate estimates and scoping; poor risk assessment; underweighting technical criteria when selecting contractors; assigning work to staff with limited relevant experience with complex work; and poor project management and oversight of contractors.
- While there have been no serious injuries to Project staff, OPG has not met its safety

targets; the frequency of safety incidents has remained mostly unchanged since 2016 when the actual refurbishment started. OPG could have also been more proactive in trying to reduce recurring preventable safety incidents. For example, an incident in November 2017 resulted in a contractor stopping its 800 staff from working on the Project for two days, which cost OPG over \$700,000. There had already been eight incidents that year with the same cause (workers had dropped tools and parts when working at heights above ground).

3.03 Health Quality Ontario

Health Quality Ontario (HQO) is an agency funded by the Ministry of Health and Long-Term Care (Ministry) to advise the Province on the quality of Ontario's health care. Its overall purpose is to support quality improvement in the health-care system. In 2017/18, it spent \$44.2 million on its operations and employed the equivalent of 291 full-time staff.

HQO provides tools such as clinical care standards, and information such as health-care performance reporting, that health-care providers can use to improve their quality of care.

However, HQO has had difficulty assessing and demonstrating its impact on the quality of health care in Ontario. This is largely because its recommendations and advice are not required to be implemented by the Ministry or Local Health Integration Networks (LHINs), two parties that provide funding to and have accountability agreements with health-care providers.

The focus of the LHINs and health-care providers is to meet their own performance goals—and these may not always correspond to the areas that HQO identifies as needing improvement. Similarly, the Ministry and the LHINs both have the ability to require that HQO's clinical care standards be used by health-care providers, but are not doing so. (Clinical care standards describe the care patients should be getting for a specific medical condition in line with current evidence of best practices.)

Among the specific issues we identified:

- Although HQO sets priority performance indicators for the different health-care sectors, it does not identify a minimum target or an ideal target range for each indicator. Therefore, health-care organizations (that is, hospitals, long-term-care homes, home-care teams and primary-care teams) set their own targets. We found large variations in targets set by health-care organizations in their quality improvement plans, meaning that the quality of care patients receive will likely continue to vary widely depending on where they receive their care.
- HQO is currently not monitoring the adoption rate of the clinical care standards it develops, and the Ministry-accepted medical devices and health-care services it recommends. Nor is it assessing what impact its work, including the annual performance data it publishes, is having on the overall quality of health care in Ontario.
- HQO does not currently assess the training and potential resources required by health-care providers to implement a clinical care standard. Stakeholders we spoke with said they would welcome more guidance on implementing standards. Between May 2015 and September 2018, HQO released 14 clinical care standards with a total of 166 quality statements (meant to guide clinicians and patients on what high-quality care looks like) and 235 recommendations for implementation (meant to help the health-care sector implement a standard).
- One of HQO's four core functions is the assessment of medical devices and health-care services to determine whether the Ministry should fund them. HQO mostly conducts its own assessments. However, it could potentially reduce the time taken and money spent to complete these assessments by collaborating with other jurisdictions or relying on similar work already done in other provinces or by the Canadian Agency for Drugs and Technologies in Health (Agency). In 2017, HQO started working with the Agency on a limited basis.
- Physicians are not required to receive individualized practice reports aimed at changing physician behaviour and improving their practices' performance. As of July 2018, only 32% of primary care physicians and 23% of primary care physicians caring for residents of long-term-care homes had signed up to receive an individualized practice report. Further, these individualized reports do not include performance data on all key provincial improvement priorities.
- With the consolidation of five organizations into HQO in 2011/12, the government expected cost efficiencies would help lower expenditures from the \$23.4 million spent for the five organizations, combined, in 2010/11. As of March 31, 2018, however, HQO's annual expenditures had increased to about \$44.2 million (excluding spending by the Patient Ombudsman's Office) and staffing had increased over the same period from the equivalent of 111 full-time employees to 291. Expenditures increased partially because HQO's mandate was expanded to include patient relations and because HQO has undertaken more quality improvement initiatives, including the development of clinical care standards.

3.04 Interprovincial and International Health Services

The Ministry of Health and Long-Term Care (Ministry) operates Ontario Health Insurance Plan (OHIP) programs to cover Ontarians travelling outside the province or internationally. This complies with the portability principle of the *Canada Health Act*, which requires that public health insurance be provided to all Canadians regardless of where they travel, or when they move from one province to another.

In 2017/18, the Ministry paid a total of \$204 million for about 737,000 claims and applications under OHIP's out-of-country and out-of-province programs; over the past five years, it has processed an average of about 836,000 claims and applications per year.

Ontario is a “provider” province—it provides more hospital in-patient services to residents of other provinces and territories than Ontarians receive elsewhere in Canada—and sometimes for more than what they can bill back to the patients' home provinces and territories. This means that, in some cases, Ontario is subsidizing health-care costs for out-of-province patients; however, hospitals in this province do not track the full extent of this.

We also found that the Ministry has not rejected any claims from the out-of-province physicians who directly billed it for services rendered to Ontarians in the last five years, even though there have been cases where claims should have been rejected. In addition, we found a need for more public education to tell Ontario travellers that they may be financially responsible for any difference between what OHIP covers and the actual cost of the health-care service they receive when they are away from Ontario. While the Ministry recommends on its website that travellers buy additional private medical insurance, it has not yet used social media to send that message to more people.

The following are some of our other significant observations:

- Ontario patients who may require emergency health services while in other countries are covered by the Ministry at pre-established rates that represent only a small percentage of actual costs. Between 2013/14 and 2017/18, on average, the Ministry reimbursed just five cents for every dollar that an Ontarian was billed by a foreign physician or hospital.
- Ontario patients who need health services while in other Canadian provinces and territories may pay higher fees for these services. When reimbursing a resident who receives health services outside of the province,

Ontario, like other provinces and territories, covers only medically necessary, insured hospital and physician services. It does not pay for other health services such as long-term-care homes and ambulance services. Ontario patients receiving ambulance services in some other provinces pay a higher fee—up to \$732.95—than the \$240 that Ontario charges non-residents.

- Ontario patients may receive Ministry pre-approved funding to access health services from certain facilities outside of Canada. However, the Ministry does not follow up with these patients to confirm that they had good experiences at those facilities, which would support referring other patients to those facilities for treatment.
- The Ministry does not monitor foreign patients' financial impact on Ontario and their wait-time impact on Ontario patients. In 2014, the Ministry directed hospitals to serve international patients only under specific conditions (such as for humanitarian reasons), but it has not collected information on an ongoing basis to monitor hospitals' compliance with this requirement.
- Claims are primarily paper-based and could take up to six to eight weeks to be processed and paid. The use of technology could make claims processing more efficient and accurate.

3.05 Legal Aid Ontario

Legal Aid Ontario is an agency of the Ontario Government responsible for providing legal services to low-income Ontarians. It reports to the Ministry of the Attorney General (Ministry) under the *Legal Aid Services Act, 1998 (Act)*.

Legal Aid Ontario provides services in three principal ways:

- It funds 80 community legal clinics (clinics) across Ontario to serve low-income clients. In 2017/18, the clinics handled over 170,000 files at a cost of \$85.8 million.

- It issues certificates (a voucher for legal services) to qualified individuals, who then use them to retain private-sector lawyers. The lawyers then bill Legal Aid Ontario for services provided. In 2017/18, the agency issued about 102,870 certificates at a cost of \$252.8 million.
- It provides free duty-counsel services in the province's courts. In 2017/18, duty-counsel lawyers assisted over 643,970 people at a cost of \$56.1 million.

The costs for the three major programs, plus \$81.4 million in operating costs for its head office and 17 district and area offices, totalled \$476.1 million in 2017/18, up 27% from 2013/14. Legal Aid Ontario incurred total deficits of \$40 million for 2015/16 and 2016/17.

Among our findings:

- In 2016/17, legal aid clinics handled 9,435 cases related to Ontario Disability Support Program (ODSP) applications and appeals, representing 44% of the clinics' total case-loads. Seventy-eight percent of respondents to our survey of clinics indicated that they could better serve other needs in human-rights matters, employment law, and issues affecting senior citizens if the ODSP case volume was reduced.
- Legal Aid Ontario's Clinic Information System was completed in September 2017, three years late and for more than double its original budget of \$3.25 million, because the vendor started the project late and declared bankruptcy months before completing it. Legal Aid Ontario subsequently hired the vendor's former employees on contract and had its own internal IT department manage the project. This could have been avoided if the agency had evaluated the vendor's financial viability prior to awarding the contract.
- The process for Legal Aid Ontario to verify lawyers' billings is ineffective, because the agency does not have direct access to court documents and other information about each court proceeding. As such, it is difficult to verify both the nature of the proceedings and the amount of time spent by the lawyer in court, both of which affect how much a lawyer is paid.
- More than 90% of certificate services and over one-third of duty-counsel assists were delivered by private-sector lawyers in 2017/18. The Act states that Legal Aid Ontario has the authority to direct the Law Society of Ontario to perform quality assurance audits of lawyers—but Legal Aid Ontario has never asked for one. It did, however, refer individual lawyers to the Law Society when it became aware of serious issues. Legal Aid Ontario received 211 complaints in 2016/17, of which about one-third concerned lawyers' services, up 30% from 2012/13.
- Legal Aid Ontario has been using a larger portion of the provincial funding to address the increase in refugee and immigration cases. Provincial funding allocated by Legal Aid Ontario for these cases increased to \$24.9 million in 2017/18, or by almost 30% from 2014/15. Ontario's federal funding portion was only 37% in 2016/17 and 39% in 2017/18. In contrast, British Columbia's federal funding portion was 72% of total funding in 2017/18, and Manitoba's was 90% for the same year. For Quebec, the federal funding portion was 69% of total funding in 2016/17.
- Legal Aid Ontario expanded its eligibility criteria for certificates in 2015 in order to keep unspent funding. Instead of eventually returning the 2015/16 projected unused funding to the Ministry as required, Legal Aid Ontario expanded eligibility in June 2015 to allow more people to qualify for certificates. More people qualified than the agency expected, which subsequently contributed to the deficits it incurred in 2015/16 and 2016/17.

3.06 Metrolinx—GO Station Selection

On September 27, 2017, the Standing Committee on Public Accounts (Committee) passed a motion requesting that “the Auditor General conduct a value-for-money audit on the proposed Metrolinx GO stations at Kirby and Lawrence East.”

We found that the Minister of Transportation (Minister) and the City of Toronto (City) influenced Metrolinx’s decision-making process leading up to the selection of the two stations. As a result, Metrolinx inappropriately changed its recommendations on Kirby and Lawrence East. It had originally concluded that the stations’ costs and disadvantages significantly outweighed their benefits. Metrolinx overrode that conclusion because the Minister and the City made it clear they wanted the stations and then Metrolinx recommended that its Board approve them. While the Board was aware that the Minister and City wanted the stations, it approved the stations based on the information Metrolinx staff provided, which supported the construction of the two stations.

The stations were two of 12 new GO stations that Metrolinx recommended for construction in June 2016. The new stations became part of a provincial initiative that had already begun to expand the regional rail network of the Greater Toronto and Hamilton area (GTHA). The Committee’s motion followed controversy around Kirby and Lawrence East highlighted by media reports between March and August 2017.

Our audit focused on the process that led to Metrolinx’s decision to recommend construction of the stations.

The following are some of our specific findings:

- The Minister did not use the legislative channels available to him under the *Metrolinx Act, 2006* (Act) to direct the agency’s regional transportation planning work; instead, he and the City influenced Metrolinx to override its own planning process. Under the Act, the Minister can give written directives to

Metrolinx regarding any matter under the Act. A written directive from the Minister to add Kirby and Lawrence East would have provided greater transparency and accountability by signalling clear ownership of the decision.

- Metrolinx’s 2016 original business-case analyses of the Kirby and Lawrence East stations noted that construction of both stations was expected to result in a net loss of GO ridership, a net increase in vehicle use (driving) in the GTHA and an overall decrease in fare revenue.
- Metrolinx’s lack of a rigorous transit-planning process that weighs all costs and benefits against established criteria enabled Metrolinx to deviate from the recommendations of the original business-case analysis. Metrolinx removed Kirby and Lawrence East stations from the original list of “not recommended” stations and put them into a new category it created of “low” performing stations. It put the remaining “not recommended” stations into another new category it created of “very low” performing stations. These new categories were used in Metrolinx’s June 28, 2016, report to the Board, which recommended building all but the “very low” performing stations.
- In Metrolinx’s updated February 2018 analysis, the expected benefits of the stations to the GTHA increased. However, in its analysis, Metrolinx used outdated information and made best-case scenario assumptions about future changes to the GO rail system (for example, fare integration with transit agencies, express service and level boarding) that, to varying degrees, are not certain to be fully implemented as planned when the two stations are completed.

3.07 Metrolinx—LRT Construction and Infrastructure Planning

Metrolinx is the agency responsible under the *Metrolinx Act, 2006* (Act) for planning an integrated regional transit system for the Greater Toronto and Hamilton Area (GTHA), overseeing transit capital projects, and operating GO Transit trains and buses, the Union Pearson Express and the PRESTO fare payment system.

In November 2008, Metrolinx formally adopted its first Regional Transportation Plan setting the priorities, policies and programs over the next 25 years for a GTHA regional transportation system. Its top transit priorities included five “rapid transit” projects to allow people to travel quickly in special transit vehicles that have “exclusive right of way” (other vehicles are not allowed on the lanes). The high capacity of these special vehicles and the exclusive right of way make them faster than traditional buses and streetcars, which are smaller and travel on lanes shared with other vehicles.

Our audit looked at Metrolinx’s regional planning responsibilities and work, and its oversight of capital projects designated as “light rail transit” (LRT): Eglinton Crosstown, Finch West, Sheppard East, Scarborough Rapid Transit, Hamilton and Hurontario. We focused on the Eglinton Crosstown LRT, as this was the only project under construction during our audit.

Among our specific findings:

- Metrolinx incurred about \$436 million in sunk and additional costs between 2009 and 2018—\$125 million for cancelling and delaying two projects, \$286 million for costs over and above contract values, and \$25 million to manage issues with the company contracted to supply vehicles for the Eglinton Crosstown.
- The consortium building the Eglinton Crosstown LRT fell significantly behind schedule throughout 2017. Under the alternative financing and procurement (AFP) contract for this project, Metrolinx had limited remedies to hold the consortium responsible for delays so long as the consortium certified it would still finish the project on time. In February 2018, the consortium filed a claim against Metrolinx for compensation and a deadline extension. Metrolinx negotiated and settled with the consortium, holding it to the contracted completion date of September 2021 by paying the consortium \$237 million.
- Metrolinx contracted with one consulting firm under three separate contracts totalling \$272 million to provide project management services between 2010 and 2022 for all LRT projects and certain other projects. Before issuing the requests for proposal prior to the selection of the consulting firm, Metrolinx did not formally assess the extent of work it would require or what would constitute reasonable costs for this work.
- For two of the consulting contracts, totalling \$145 million, over 50% (about \$97 million) has already been spent, only two years into their five-year contract periods. At the time of our audit, Metrolinx staff overseeing these contracts did not adequately check that the consulting firm performed the work to support the hours charged on their invoices and may not have addressed concerns with the consulting firm’s poor performance in a timely manner.
- Metrolinx assigned approximately \$1.5 million of work to the consulting firm that did not relate to the projects specified in the consulting contracts noted above. For example, Metrolinx spent \$1.2 million on unrelated program management services for the Union Pearson Express and about \$367,000 for advice on reorganizing Metrolinx’s capital project group.
- The one consulting firm—used by Metrolinx to provide project management services for all LRT projects and certain other projects between 2010 and 2022—often used sub-consultants to perform work under its

contracts with Metrolinx. Metrolinx may be able to obtain better value for money if it used competitive bidding for consulting services that are currently being provided by sub-consultants.

- Metrolinx committed to purchasing LRT vehicles (that is, for Eglinton Crosstown, Sheppard East, Finch West and Scarborough Rapid Transit) with specific delivery dates without construction contracts in place to build the LRT projects. The LRT vehicle purchase contract did not contain provisions to address the risk that construction plans could change. The number of vehicles and when those vehicles are needed did change, costing Metrolinx \$49 million for these changes (included in the \$436 million noted above).

3.08 MRI and CT Scanning Services

Magnetic resonance imaging (MRI) and computed tomography (CT) scans provide important information for diagnosing and monitoring patients' conditions. Timely, quality and medically necessary scans help doctors accurately diagnose and treat many diseases earlier in their course, which can improve patient health outcomes.

In the five years up to 2017/18, the number of MRI scans performed increased by 17% and CT scans by more than 30%. (These statistics exclude emergency cases because emergency data was not required to be collected before 2015/16).

The Ministry of Health and Long-Term Care (Ministry) is responsible for capacity planning, policy development, and overseeing the funding and performance of MRI and CT services in Ontario. Of the 137 public hospitals in Ontario as of April 2018, 78 had at least one MRI or CT machine. The Ministry also contracts with seven independent health facilities (IHF) to provide MRI and/or CT services.

Ontario's Wait Time Strategy has four priority levels for MRI and CT scans, with a wait-time target for each: emergency (within 24 hours), urgent

(within two days), semi-urgent (within 10 days) and non-urgent (within 28 days). These targets are set at the 90th percentile—the time within which 90% of patients in each category should receive their scan from the date of referral for the scan. This means that no more than 10% should wait longer.

Our audit found that, overall, Ontario's wait times for MRI and CT scans were the lowest when compared to five provinces where 90th-percentile wait-time data was available. However, many Ontarians who needed scans had significantly long waits in comparison to the Ministry targets, particularly for semi-urgent and non-urgent cases.

Among our findings:

- Almost two-thirds of semi-urgent and non-urgent MRI patients and one-third of semi-urgent and non-urgent CT patients waited longer than their targeted wait times. Long wait times for these patients delay diagnosis and treatment and can result in deterioration of the patients' condition.
- Wait times for MRI and CT scans vary depending on where in Ontario the patient lives. The Ministry has not analyzed why wait times vary significantly among regions.
- We found that MRI and CT machines could have been operating more hours per day, thereby reducing wait times, but the hospitals were financially unable to increase operating hours. The 108 MRI machines in Ontario's hospitals were used at only 56% capacity in 2017/18. If all 108 MRI machines operated for 16 hours, seven days a week, hospitals would have outperformed the Ministry's wait-time targets. In addition, the province's 165 CT machines were used at approximately 37% capacity in 2017/18.
- The Ministry has not reviewed its funding method for either MRI or CT services for more than a decade, and it has not incorporated into its funding method the actual cost-per-scan information, hospitals' demand and capacity, and the complexity of scans required by patients.

- Hospitals' lack of user-friendly communication systems to allow patients to confirm receipt of their appointment, including emails and text messaging, contributed to patient no-shows. This resulted in scanning machines sitting idle unless hospitals filled the time slot quickly. None of the four hospitals we audited routinely tracks reasons for no-shows.
- Province-wide peer review of MRI and CT scan results is not mandatory across Ontario hospitals. Lack of a peer review program exposes patients and hospitals to the risk of misinterpretation of MRI and CT images and/or misdiagnosis of a patient's condition.

3.09 Office of the Public Guardian and Trustee

The main mandate of the Office of the Public Guardian and Trustee (Public Guardian) is to protect the rights, property and well-being of people (clients) who lack the mental capacity to do it for themselves. This includes managing the finances of about 12,000 clients, acting as the personal-care guardian of about 30 clients, and administering certain estates of Ontarians who have died without a will and without next of kin residing in Ontario.

The Public Guardian had 388 full-time staff as of March 31, 2018, of whom 89% worked directly or indirectly to manage the property of clients found to be incapable, or to administer estates of deceased persons. In 2017/18, the Ontario Government allocated \$40 million to fund the Public Guardian, which also charged \$31 million in service fees, primarily to clients.

Our audit found that the Public Guardian has not ensured that it safeguarded the interests of clients under guardianship and estate heirs. We also found that management lacks useful reports from the case management system to effectively oversee many areas of its operation. These weaknesses increase the risk of hardship and financial loss to clients and heirs of estates.

We further found that the Public Guardian invested funds according to its internal policies—but these investment rules have not been reviewed by the Public Guardian's external investment consultant or the government-appointed panel that provides it with strategic investment advice. The existing investment rules may be too restrictive, limiting the returns for some clients.

Our more significant audit findings include:

- The Public Guardian does not require staff to visit the people whose property they manage, although it does require them to conduct initial visits when individuals first come under property guardianship. However, these initial visits are usually not performed due to Public Guardian policies that exempt staff from conducting visits if, for example, a client is violent or aggressive, or resides in a supportive setting. Our review of a sample of clients who had been with the Public Guardian for as many as 28 years indicated that half have not been visited since coming under guardianship.
- Legal staff have missed acting on several time-sensitive legal cases for clients because of weaknesses in the case-management system. For example, the Public Guardian's legal staff missed deadlines to apply for benefits on behalf of clients, in certain cases, which left the Public Guardian liable for an estimated \$5 million to pay to these clients involved in motor-vehicle accidents.
- Public Guardian staff detected about \$1 million in financial transaction errors between April 2015 and March 2018. About half the total related to missed opportunities to collect income such as disability benefits and extended health-insurance benefits for clients. Although these specific errors were identified, others could go undetected, given various systemic risks that resulted in the errors occurring in the first place.
- The Public Guardian pays commissions to an auction house on behalf of clients whose belongings the auction house appraises

and sells, but it has not entered into any formal agreement with this company since it first began using its services in the 1980s. As well, it has not competitively procured these services.

- About \$28 million from about 260 estates was eligible to be turned over to the Crown because the Public Guardian did not identify heirs and distribute assets of the estates under its management to heirs within 10 years of a person's death. Several factors under the Public Guardian's control have contributed to delays in distributing assets. For example, estates staff could not consistently locate contact information for a deceased client's next of kin because caseworkers did not always obtain and document this information when the clients were still alive (about half of estates administered belonged to deceased property-guardianship clients).

3.10 Ontario Student Assistance Program

The Ontario Student Assistance Program (OSAP) provides grants and loans to students pursuing a post-secondary education, usually at a university, college or private career college. The amount of aid depends primarily on educational costs and family income and size. OSAP is administered by the Ministry of Training, Colleges and Universities (Ministry).

The Ministry introduced major program changes to OSAP in the 2017/18 academic year starting August 1, 2017, to make post-secondary education more accessible and affordable to students, providing a larger percentage of aid in the form of non-repayable grants rather than repayable loans—98% in grants in the 2017/18 academic year, compared to 60% the year before. However, the number of people receiving financial aid increased by about 25% while enrolments over the same period increased by only 1% for universities and 2% for colleges, indicating that the number of people

accessing higher education did not increase to the same extent.

Furthermore, these program changes were expected to have a positive impact on the Province's finances, because the elimination of Ontario's Tuition and Education Tax Credits was expected to more than offset the increase in grants. However, the uptake of student grants to date has exceeded expectations. As a result, the Province's March 2018 Budget projected that OSAP could cost \$2 billion annually by the 2020/21 fiscal year, a net increase of 50% from the 2016/17 fiscal year.

Among the issues we identified in our audit:

- The Ministry tracks limited data about recipients and so cannot determine whether the latest program changes helped more new students access post-secondary education. However, 27% of mature students who qualified for OSAP for the first time in the 2017/18 academic year had already attended post-secondary studies the previous year without receiving OSAP support.
- One major program change was to expand eligibility to mature students—defined as those who have been out of high school for at least four years. Where students have been out of high school for less than four years and are financially dependent on their parents, parental income is used to determine OSAP eligibility. However, if a student is out of school for four or more years and still lives with their parents, parental income is not used to determine OSAP eligibility. We noted that the number of mature students who received OSAP aid increased 33% between the 2016/17 and 2017/18 academic years, and that close to 30% of mature students said on their applications that they were living with their parents. Although these students were entitled to OSAP support, the Ministry was unable to say whether they actually needed OSAP support.
- Prior to the program changes, grant recipients who withdrew from their studies did not

have to repay their grants, which cost OSAP \$74.4 million from the 2013/14 to 2016/17 academic years. Starting August 1, 2017, recipients were required to repay the full amount of a grant if they withdrew within 30 days of starting school, or a prorated amount after 30 days. OSAP said it planned to convert these grants to loans on a prorated basis.

However, both before and after the program change, we found instances where students received grants after they had withdrawn.

- The Ministry of Finance does not begin aggressive collection activities until student loans are nine months in arrears, and may be incurring a higher cost than needed to recover overdue loan payments. Private collection agencies, charging a 16% commission on what they recover (about \$20 million over the last five years), are used initially. As a last resort, the Canada Revenue Agency (CRA) is used to assist with collection and it charges only about 1% to garnish income-tax refunds. However, it would likely cost less if the CRA was used prior to private collection agencies.
- Private career colleges had the highest overall student loan-default rates, followed by public colleges and public universities. The Ministry operates a cost-sharing program with these private institutions for loans in default. But in the two latest years, the cost-sharing policy required that only \$417,000 be collected from private institutions on defaults totaling \$14 million. Therefore, the Ministry is assuming a higher risk and the related cost of non-collection.

3.11 Ontario Works

About 250,000 unemployed or underemployed Ontarians (and over 200,000 of their family members) received financial aid in 2017/18 from the Ontario Works program of the Ministry of Children, Community and Social Services (Ministry) to help with basic living expenses.

Ontario Works provides temporary financial assistance and employment supports to help recipients find work and become self-reliant. To be eligible, applicants must prove that they live in Ontario and that their income and assets are below specified amounts. Applicants are also generally required to participate in activities to help them find work.

The Ministry contracts with 47 service managers (large municipalities or groups of smaller municipalities) and 101 First Nations to deliver Ontario Works. In 2017/18, the Ministry provided almost \$3 billion to service managers to deliver the program.

Our audit concluded that the Ministry and service managers do not have effective systems and procedures in place to ensure that only eligible recipients receive financial assistance, or that recipients receive the employment supports required to find jobs and become self-reliant.

The following are some of our specific concerns:

- Although Ontario Works is intended to be a temporary assistance program, the length of time people depend on the program has nearly doubled since our last audit of the program, from an average of 19 months in 2008/09 to almost three years in 2017/18. Service managers have identified that 36% of recipients have barriers affecting their employability, such as homelessness and mental health concerns, that they need help to address.
- We found significant differences in employment outcomes for recipients depending on their service managers. In 2017/18, for example, we noted that the percentage of recipients across all service managers who found employment was just 10%—but this ranged from a low of 2% at one service manager to a high of 29% at another. In addition, the Ministry's current performance measures do not track whether individuals leaving the program retain employment over time or later return to Ontario Works.

- We found service managers did not consistently meet with recipients on a timely basis to review their progress in activities designed to help them find employment. In addition, service manager decisions to temporarily exempt recipients from participating in such activities were not always supported with sufficient evidence to confirm that recipients were unable to participate.
- We found that the Ministry's IT system, called the Social Assistance Management System (SAMS), does not have the functionality to allow caseworkers to record recipient skills, barriers to employment or referrals to training or community services in a way that would enable service managers to analyze such factors for their entire caseload. This functionality would help service managers better understand the profiles and needs of recipients in their caseload.
- Ministry contracts with service managers lack meaningful targets for recipient employment, and mechanisms to hold them accountable for program delivery.
- Service managers often overlooked or did not obtain and review critical applicant information, increasing the risk of errors in determining eligibility for Ontario Works. In addition, we found that not all service managers reassess recipients every two years as required to confirm their eligibility for Ontario Works, increasing the risk that overpayments can occur.
- The underlying cause of overpayments to recipients is not tracked in the Ministry's IT system. Without data to understand the most common causes of overpayments, service managers are unable to identify which of their processes they need to improve to prevent or reduce overpayments in the future.
- Service managers across Ontario are approximately one year behind in investigating approximately 6,000 benefit-fraud tips. We noted that service managers investigated

about 17,000 fraud tips in the last three years, and more than 25% of these identified overpayments and another 10% resulted in termination of benefits.

3.12 School Boards—IT Systems and Technology in the Classroom

The Ministry of Education (Ministry) funds 72 district school boards that provide elementary and secondary education to about two million Ontario students as of the 2017/18 school year. School boards and individual schools determine how much funding they allocate to school operations and classroom technology.

School boards reported total information technology (IT) spending of \$227.8 million for the 2017/18 fiscal year, with \$160.6 million of that going to IT systems and computers (including software and licences), and the remaining \$67.2 million to the boards' own IT operations and administration.

Schools use IT in the classroom for training in math skills, programming, coding, design and other subject areas, as well as to give students quick access to the Web for research. Teachers use IT to help design and deliver lessons, and for administrative tasks such as tracking attendance and grades.

Overall, we found that the Ministry had no broad IT strategy for curriculum delivery, use of IT by students, or administration of IT. In addition, student access to IT varied across the province because each board makes its own decisions on equipment acquisition.

The following are some of our findings:

- The availability of tablets, laptops, computers and applications varied among schools, and school boards generally did not formally assess whether classrooms had adequate, up-to-date, and consistently allocated IT resources. At some schools, for example, eight students shared a single computer; at others, each student was assigned their own computer.

- Classroom IT equipment ranged from new and modern to outdated, which can be slow and incompatible with the latest software. Older technology can also adversely affect the learning experience and is more vulnerable to cybersecurity threats because vendors no longer provide regular security updates.
- The Ministry IT system used to administer the Ontario Education Number, issued to every student in the province, collects and stores students' personal information and educational records. We found that almost one-fifth of staff user accounts in all school boards in Ontario (971 of 5,229, or 19%) for this system had never been used, and that accounts are not always deleted after staff leave their jobs. As these user accounts are accessible by staff and some former staff on the Internet, there is a risk to the security of confidential student information.
- Some school boards provide no formal security-awareness training, and some lack cybersecurity policies. Fifty-one of the 69 boards that responded to our survey (74% of respondents) indicated that they do not provide formal IT security or privacy training to staff who use technology at boards and schools.
- Although school boards have established policies and guidelines on bullying prevention and intervention, in accordance with Ministry requirements, they do not measure the effectiveness and performance of anti-cyberbullying programs. Of the school boards that responded to our survey, 25 (36%) indicated that they did not log cyberbullying incidents and therefore lacked the information to study and address such incidents.
- Two of the four school boards we visited as part of our audit lack sufficient oversight of their classroom IT assets, such as laptops and tablets, to keep track of them. In some cases, board staff were unable to verify whether any equipment was missing.
- We found that a majority of school boards do not have formal business continuity and disaster recovery plans to deal with serious damage to their IT systems from natural or man-made disasters should such events occur.
- The Ministry has spent more than \$18.6 million on virtual learning environment (VLE) software in the past five years, which it provides for free to the school boards; however, most boards purchase their own software to make up for gaps in the VLE software and for ease of use. Approximately 26% of the school boards that responded to our survey indicated they rarely use the VLE software. As such, value for money is not always obtained from their IT purchases.
- The Ministry's system that school boards use to report student data to the Ministry is inefficient and lacks performance targets over the preparation and submission of student data. Training and support on the system is insufficient to help resolve errors with data validation issues in a timely manner.

3.13 Technical Standards and Safety Authority

The Government of Ontario established the Technical Standards and Safety Authority (TSSA) in 1997 with a mandate to promote and enforce public safety on its behalf over a broad range of equipment and industrial operations.

The TSSA promotes and enforces public safety through four programs:

- Fuels Storage and Handling (Fuels);
- Boilers and Pressure Vessels and Operating Engineers (Boilers and Pressure Vessels);
- Upholstered and Stuffed Articles; and
- Elevating Devices, Amusement Devices and Ski Lifts (Elevating Devices).

The TSSA is self-funded through the fees that it charges the organizations it regulates, and receives no government funding. The TSSA is responsible for registering, licensing and inspecting the

manufacture, installation, maintenance and operation of the devices and companies it regulates. It is also responsible for ensuring that upholstered and stuffed articles sold in Ontario, such as toys, mattresses and furniture, are made with new and clean filling materials, and that their labels correctly describe their contents. The TSSA has the authority to shut down unsafe devices and prosecute companies that do not comply with safety laws.

The Ministry of Government and Consumer Services (Ministry) is responsible for overseeing the TSSA, but we found the Ministry has not ensured that the TSSA is actually fulfilling its mandate, and we observed that the TSSA's own current oversight processes are not fully effective.

Among our significant findings:

- The TSSA does not have consistent inspection standards that all inspectors are required to follow. The TSSA could also not explain why it does not periodically inspect some areas in the fuel sector, such as pipelines, compressed natural gas stations and propane distributors.
- A small number of large elevator-maintenance companies dominate the Ontario market and for years have been failing to maintain most of the province's operating elevators in accordance with safety laws. The TSSA has tried with little success to have these large companies perform required maintenance and safety tests. When we discussed this issue with representatives of the maintenance companies, their view was that sometimes the owners can also be responsible for poor compliance with safety laws.
- The TSSA's computer system is outdated and contains inconsistent and incomplete information about the safety status of devices and businesses that it regulates. As a result, in 2018, the TSSA renewed the operating licences of over 300 elevators that at the same time were still shut down by the TSSA for being unsafe to operate.
- When the TSSA finds a mislabelled upholstered and stuffed article that it deems to be

a risk to the public, it orders the inspected retailer to remove the article from sale. However, we found that the TSSA does not check whether the same mislabelled article is sold in other stores in Ontario or online. We were able to purchase from other stores the same mislabelled articles that the TSSA ordered to be removed from sale at locations it inspected. Also, we were able to purchase one out of every two mislabelled articles from the same inspected stores that the TSSA ordered to immediately stop selling these articles.

- For almost 20 years, the TSSA has done little to enforce and promote the safety of approximately 65,000 installed and operating boilers and pressure vessels as required under its Act. The TSSA does not know how many devices operate in Ontario and where they are located. The TSSA told us that these devices are being inspected by insurers, but it does not collect evidence to confirm this. We also noted that insurance coverage is not mandatory for operating boilers and pressure vessels.
- Ontario is the only province in Canada where boilers and pressure vessels used in agricultural operations are exempt from safety laws.
- The TSSA is responsible for ensuring that owners of fuel storage sites clean up their sites after they cease operations, but we found that in cases where the owner has abandoned the site and cannot be located, it is not ensuring that these sites are cleaned up because there is no one to recover the costs of the clean-up from.

3.14 Use of Consultants and Senior Advisors in Government

The Ontario Public Service requires external services and advice from time to time when its own staff are unavailable or lack the required skills or expertise. It usually fills these needs by using consultants and advisors. As a general rule:

- consultants provide expertise and strategic advice to government for use in decision-making; and
- advisors provide high-level advice to the Premier or a minister.

Overall spending on consultants by ministries has dropped more than 15% over the past 10 years, from \$434 million in the 2008/09 fiscal year to \$360 million in 2017/18. About 80% of the 2017/18 spending was for IT consultants, and the rest for consultants in management, communications, policy, technology, and research and development.

The Province does not track its spending on advisory services, but we estimated it at about \$4 million a year.

Using consultants can be costly, as they are generally paid more than full-time staff. However, they can be cost-effective when engaged for short periods or to provide specialized services or expertise, instead of having to hire new permanent full-time staff.

We noted that some improvements were needed to ensure consulting and advisory services are used with due regard for economy and delivered efficiently. We found that the Province does not assess the overall cost-effectiveness of its use of consultants, and ministries often rely on consultants rather than considering hiring full-time or term employees.

The following are some of our significant observations:

- Ministries used consultants for regular operational and ongoing work such as project management and information technology, instead of for short terms, specialized services or expertise, for which they are best suited. For example, an individual consultant was hired to provide analysis and development for a software application. The initial contract from February 2014 to March 2015 was for \$210,000, but was extended three times to March 2018 at a total cost of over \$900,000. Based on the average cost of permanent IT staff, this work could have been done for about 40% less by permanent full-time staff.
- Twenty-two percent of the contracts we reviewed that were competitively procured had amendments greater than \$10,000, without an option in the contract to allow for the amendment or where the amended amount exceeded the amount approved for the contract. Most amendments were between \$100,000 and \$500,000, with two as high as \$1.5 million, and the additional services included in the amendment were not competitively procured.
- We found in our review of consulting contracts that most did not have specific costs attached to the various deliverables in the contract. This can make it difficult to determine if the deliverables were received before making payment, and if they provided value for money.
- The Province may be missing out on potential savings because it lacks the reliable and timely information needed to perform analysis and make strategic decisions on the overall use of consultants. We noted errors in the self-reported information on consulting contracts collected from ministries, such as contracts being counted twice and amended contracts being reported as new. In addition, the information was not available on a timely basis, and was not reviewed for strategic analysis purposes.
- We noted that 25% of the advisors we reviewed did not complete a conflict-of-interest disclosure.
- Government ministries spent \$960 million over the past three fiscal years on professional services (services provided by licensed professionals, such as physicians, dentists, nurses, pharmacists, veterinarians, engineers, land surveyors, architects, accountants, lawyers and notaries, for regular work in their licensed capacity). In addition, Crown agencies and Crown-controlled corporations

told us in a survey that they spent approximately \$1.38 billion during the same period. Although we did not review the use of professional services by ministries and agencies in this audit, the recommendations in our report on consulting services may equally apply to professional services, and we suggest that they also be reviewed by the Province to identify any potential cost savings and to confirm whether value for money has been achieved.

3.15 Waterfront Toronto

The federal, provincial and Toronto municipal governments established Waterfront Toronto in 2002 to oversee and lead the revitalization of Toronto's waterfront. As the land was owned by a variety of public and private interests, it was widely accepted that it could only be successfully revitalized under a co-ordinated and well-planned approach.

Successful oversight requires that the overseer be given the authority to ensure the job is done right. However, Waterfront Toronto was never given this authority, so the development of waterfront lands has continued to be largely driven by historical practices, existing bylaws, and other regulations governing commercial and residential development. Waterfront Toronto has directly developed only 5% (55 acres) of the publicly owned developable waterfront land and provided funding to other organizations for revitalization projects for another 14% (151 acres) since its inception in 2002.

Other waterfront development entities in other cities were given greater authority than what Waterfront Toronto had regarding restriction of building heights, creation of large public spaces and public access to the water's edge, and the right to expropriate land in cases where the intended use was not consistent with overall revitalization plans. From day one, Waterfront Toronto was well aware of the constraints that it operated under and, on several occasions, informed the three levels of government of the constraints, but few changes were made.

Waterfront Toronto's purchase of Quayside land between 2007 and 2009 created an opportunity for Waterfront Toronto to develop this land. It was proactive of Waterfront Toronto to obtain an innovation and funding partner for Quayside. However, its project with Sidewalk Labs raises concerns in areas such as consumer protection, data collection, security, privacy, governance, antitrust and ownership of intellectual property. These are areas with long-term and wide-ranging impacts, which may need to be addressed from a provincial policy perspective in order to protect the public interest before any formal long-term commitment is reached with Sidewalk Labs regarding the development in Quayside and potentially areas within the broader waterfront area, including the Port Lands.

By May 2018, the federal, provincial and city governments committed to providing \$1.25 billion to Waterfront Toronto to cover the cost of flood protection of the Port Lands. This also extended Waterfront Toronto's operation to 2028 without the benefit of an operational review of Waterfront Toronto. Sidewalk Labs' provision of \$50 million USD to further explore the development in Quayside was contingent on the three levels of government providing this \$1.25 billion toward Port Lands flood protection. A second agreement with Sidewalk Labs, signed in July 2018, potentially opens the door to expand the Sidewalk Labs' project to the approximately 600 acres of land in the Port Lands.

Some of our other specific concerns include:

- Waterfront Toronto was given ownership and control of just 1% of the land it was tasked to revitalize and, therefore, the vision of those with the remaining ownership controlled the decisions over waterfront development. The three governments and the Toronto and Region Conservation Authority continued to own 75% of the developable waterfront area.
- Waterfront Toronto's development mandate overlaps with the mandates of other provincial and City entities. The Province did not give Waterfront Toronto the authority to plan

and zone lands. Under the *Planning Act*, this authority remains with the City of Toronto. Waterfront Toronto used the City's existing plan to guide waterfront development rather than create its own master plan or large-scale vision.

- Governments also approved and provided Waterfront Toronto with funding on a project-by-project basis, which focused on individual projects versus the broader revitalization mandate.
- The governments redirected nearly \$700 million of the \$1.5 billion they publicly committed to the revitalization of the waterfront to other agencies for other projects.
- We reviewed all projects over \$10 million that Waterfront Toronto directly managed and found that five of the 13 projects we reviewed cost 22% (\$43 million) more than the estimated project cost. It was difficult to obtain sufficient documentation to be able to compare actual project cost against estimated project cost. Waterfront Toronto also did not provide sufficient oversight of projects when it transferred funds to other organizations conducting development work. As a result, one project ended up costing 55% (\$49 million) more than its initial estimate.
- The \$1.25 billion funding for the Port Lands flood protection work was approved by all three governments based on preliminary estimates. Consulting, operating and other costs are now forecast to be about \$15 million higher than the initial estimate.
- In March 2017, Waterfront Toronto issued a request for proposal (RFP) for an innovation and funding partner for the Quayside area. Respondents were given only six weeks to respond to the complex RFP—in comparison to 10 weeks previously being given to respondents for public art projects in West Don Lands. Sidewalk Labs was selected as the innovation and funding partner. Waterfront Toronto communicated with Sidewalk Labs and other potential bidders providing them with information prior to issuing the RFP. However, Sidewalk Labs received more information from Waterfront Toronto prior to the RFP than other parties that would be responding to the RFP.
- With respect to the Quayside project, members of the Intergovernmental Steering Committee (Committee), who provide oversight and governance to Waterfront Toronto, were concerned that while the Committee was informed during a September 2017 Committee meeting that Waterfront Toronto had internally selected a successful bidder, the Committee was only made aware of the name of the successful bidder five days before the public announcement.
- On Friday, October 13, 2017, Waterfront Toronto's CEO presented the Framework Agreement to Board members and it was approved by the Board on Monday, October 16, 2017, just one day before the public announcement was made. Prior to that, a three-member committee of the Waterfront Toronto Board received the draft terms of the Framework Agreement and met with management a number of times over the course of a month to review issues. However, the Board's committee could not reach a consensus on whether or not to support the project.
- While the Intergovernmental Steering Committee was briefed about the project and the RFP, the October 16, 2017, final signed Framework Agreement was not shared with all levels of government until November 2, 2017.