

Summaries of Value-for-Money Audits

Alcohol and Gaming Commission of Ontario

The Alcohol and Gaming Commission of Ontario (AGCO) regulates the alcohol, gaming, horse-racing and private cannabis retail sectors in Ontario and oversees about 78,500 licensees across the four sectors. The AGCO is required to regulate the licensed entities in accordance with the principles of honesty and integrity, and in the public interest.

Sectors regulated by the AGCO generate significant cash flow for the province in the form of net proceeds from alcohol sales, lotteries and gaming, licensing and registration fees, and related provincial income tax. However, if not regulated effectively, these sectors have the potential to contribute to significant social and health-care issues through such things as addictions, violence and criminal activities.

Our audit findings include the following:

- AGCO inspection activities are lax in documenting reasons for selection and the risk areas inspected. Compliance officials do not document the rationale for selecting an establishment for an unannounced inspection in the alcohol, cannabis, gaming and horse-racing sectors. In addition, the compliance reports do not state which areas of risk were inspected. Without seeing the rationale for selecting an establishment or the area that the compliance official reviewed, it is difficult for a manager to assess the compliance official's judgment in selecting the establish-

ment or to ensure that the inspection covered higher-risk areas.

- AGCO does not monitor operating electronic gaming machines to ensure the machines have paid out at a rate of 85%. The AGCO's gaming standards set the theoretical minimum payout of 85% for an electronic gaming machine over a period of time or a predetermined number of plays. However, the AGCO does not regularly monitor these machines to see if they are actually paying out the theoretical minimum. Instead, it relies on the OLG to monitor the payouts and note which machines are paying under or over the theoretical payout amounts. This information is not shared with the AGCO. However, the private casino operators, contracted by OLG, are required to notify the AGCO if there are any integrity issues with the gaming machines. Similarly, the AGCO relies on the private operator of PlayOLG to monitor payouts on the online gaming website. It would be prudent for the AGCO as a regulator to monitor payouts of electronic gaming machines and online gaming.
- Casino patrons gambling significant sums of money without a justified source of funds were allowed to continue gambling. The OPP has many tools at its disposal for investigation purposes. However, based on our review of a sample of investigations of individuals who brought large sums of money into Ontario

casinos and either did not report an occupation or reported one that would not support the funds wagered or otherwise transacted, the OPP relied mainly on a criminal background check and rarely performed any additional checks or interviews with the individuals.

- Most recreational cannabis sold in the province continues to be sold illegally. Despite the legalization of cannabis in October 2018, the illegal sale of recreational cannabis accounted for about 80% of cannabis sales in the province in 2019/20. Legal sales increased from about 5% of total sales in the fourth quarter of 2018 with only the government's online store in operation (Ontario Cannabis Store) to about 20% in the first quarter of 2020 with 49 private retail stores operating as of March 2020. One of the core objectives of the Ontario Cannabis Store is to move consumers from the illegal to the legal market.

Bereavement Authority of Ontario

The Bereavement Authority of Ontario (Bereavement Authority) was established in 2016 to promote the rights and safety of consumers purchasing funeral and burial or cremation services. Besides consumer protection and education, the Bereavement Authority's key operations include licensing and inspections of funeral homes, transfer services (transferring the deceased as needed—for example, to the place of interment), cemeteries and crematoriums.

Our audit found that the Bereavement Authority has spent its early years establishing itself as a new regulator by building and maintaining good working relationships with the operators of funeral homes, transfer services, cemeteries and crematoriums with an aim to promote greater compliance. Its enforcement approach is to educate licensees and other operators by issuing letters requesting compliance, issuing guidelines and providing long periods of time to address licensing issues. How-

ever, we found that a stronger regulatory approach is needed to protect and educate consumers who purchase bereavement services and products.

Some of our significant findings are as follows:

- **Most funeral homes and other operators do not readily disclose prices to consumers.** We found that prices for essential bereavement-related products and services were not transparent and often difficult to obtain. We found that only 26 out of a sample of 100 licensed operators of funeral homes, transfer services, cemeteries and crematoriums posted their price list on their websites.
- **Funeral-selling practices can still include pressure tactics and the provision of misleading information.** During our audit, we engaged a firm to conduct mystery shopping at a total of 100 licensed operators of funeral homes, transfer services, cemeteries and crematoriums of various sizes across Ontario. The mystery shoppers acted as consumers shopping for funeral services and products at each of these licensed operators via telephone calls and/or in-person visits. For half of the sampled operators, the mystery shoppers experienced sales pressure and/or were given misleading information.
- **Prices for the same or similar services varied significantly.** When the mystery shoppers inquired about the cost of a basic cremation at the 70 operators sampled where direct cremation service was offered, the quotes varied significantly, from a low of \$512 in Windsor to a high of \$8,000 in Toronto.
- **All cemeteries are required by regulation to renew their licences annually with the Bereavement Authority, but not all do.** We found that, as of August 2020, out of a total of 2,368 cemetery operators in Ontario, 277, or 12%, were operating without their licences renewed, and 207 of these operators had not renewed their licences nor filed any other reports with the Bereavement Authority since its inception in 2016.

- **The Bereavement Authority’s oversight of care and maintenance funds for 166 cemetery operators needs to be actioned.** We found that, of the 1,984 cemetery operators that reported having a care and maintenance fund, 166 of them had not filed the required care and maintenance report as of June 2020. Based on the most recent information available, the 166 cemetery operators collectively hold a total of \$2.1 million of consumer monies in these care and maintenance funds.
- **Between 2016/17 and 2019/20, the Bereavement Authority inspected only 3.4% of all licensed funeral homes and other operators.** Inspections are not conducted on a proactive basis but instead are generally reactive in nature. The Bereavement Authority had yet to develop a risk-based framework to identify which licensed and unlicensed operators should be inspected or investigated based on their history of complaints, inspection results and other risk factors.
- **The Bereavement Authority does not co-ordinate inspection efforts with public health units and the Ministry of Labour.** We noted that the Bereavement Authority has never examined the necessity of the various types of inspections nor collaborated with any public health units or the Ministry of Labour to determine whether a more co-ordinated or comprehensive province-wide inspection approach is needed.
- **The Ministry of Environment, Conservation and Park’s monitoring of air emissions from crematoriums is insufficient and inconsistent.** Crematorium operators in Ontario are required to obtain Environmental Compliance Approvals from the Environment Ministry. These Approvals are meant to confirm that cremation equipment meets the air emission standards in the Environmental Protection Act and its regulations. However, we noted that these Approvals do not expire, and of the 70 crematoriums with an Approval, there are 25

whose only Approvals are from more than two decades ago. These Approvals either included no terms and conditions, or less stringent ones than more recent Approvals.

Blood Management and Safety

Hospitals in Ontario obtain their blood components and products from Canadian Blood Services, a national body that was established in 1998. All **blood components** used in Ontario hospitals are obtained from Canadian donors who voluntarily provided blood without compensation to Canadian Blood Services. In contrast, Canadian Blood Services purchases most processed **blood products** it supplies to Ontario hospitals from foreign countries, primarily through the United States and others in Europe. Canadian Blood Services informed us this is because there are no licensed Canadian drug manufacturers that have the capacity to fractionate plasma into these blood products.

The Ontario Ministry of Health (Ministry) and all Canadian provinces and territories except Quebec (which has its own blood service) provide funding to Canadian Blood Services. It was created in response to a major blood system crisis in Canada when approximately 2,000 people contracted HIV and another 30,000 contracted hepatitis C from tainted blood.

In 2019/20, the Ministry of Health contributed \$562 million to Canadian Blood Services—representing about 50% of total funding from all provinces and territories—to provide blood components and products to Ontario hospitals at no cost to them. About 40% of this funding went toward blood components; the other 60% went toward blood products.

Our audit found that while the supply of blood components and products as of August 2020 was safe and has been reasonably reliable, the COVID-19 pandemic has magnified existing weaknesses in the reliability of the supply of the immunoglobulin (Ig) blood product: Canadian Blood Services’ self-sufficiency in collecting enough plasma to

produce this blood product, at 13.7% in 2019/20, falls far short of its own goal of obtaining 50% of blood plasma needed for this product in Canada. Canadian Blood Services continues to rely primarily on US-based suppliers to provide blood products, though it also has some Europe-based suppliers to offset the risk. Given the significant lead time needed (up to a year) to fractionate plasma and produce immunoglobulins (Ig), the effect of the COVID-19 pandemic on the supply of Ig has not yet been realized. However, these US-based suppliers are at risk of becoming less dependable in supplying Canada, with early estimates indicating as much as a 15% decrease in plasma supply given increasing global demands and the potentially reduced donations during the COVID-19 pandemic.

The following are some of our significant findings:

- Ontario relies heavily on suppliers in the United States for essential and high-demand blood products including immunoglobulins (Ig), which is fractionated from plasma collected by these suppliers. This reliance on US-based suppliers presents a risk to the health of people in Ontario who need these products, should the supply chain be disrupted. Both the Ministry and Canadian Blood Services first acknowledged this risk in 2013. However, the percentage of Ig made from plasma collected by Canadian Blood Services has steadily decreased since then, and is now down to 13.7% compared to 22.7% in 2013/14.
- Hospital use and waste of blood is not well reported and tracked. Although Canadian Blood Services encourages hospitals to report their use through the Blood Component and Product Disposition Database, some hospitals either do not report or report inconsistently. The Ministry cannot effectively minimize waste from expired blood components and products using the information from Canadian Blood Services because Canadian Blood Services has no way to confirm if the self-

reporting from hospitals is accurate. The Ministry has introduced several programs to help redistribute blood components and products between hospitals in an attempt to reduce waste; however, without an electronic inventory system, their effectiveness is limited.

Condominium Oversight in Ontario

The Condominium Authority of Ontario's (Condo Authority) responsibilities include educating condo corporation directors, maintaining a public registry of condo corporations, and overseeing and managing the operations of the Condominium Authority Tribunal, which resolves certain condo disputes. The Condominium Management Regulatory Authority of Ontario's responsibilities include licensing, handling complaints, inspection, and investigation and enforcement of condo managers and management companies.

In Ontario, the *Condominium Act, 1998 (Act)* and the *Condominium Management Services Act, 2015* are the key pieces of legislation that regulate the condo sector. The Ministry of Government and Consumer Services (Ministry) initiated a review of the Act in 2012 and 2013 that resulted in reforms to the Act in 2015. Those reforms included the creation of the two administrative authorities.

We found that many of the reforms have still not been implemented five years after they were passed. The existing model for the condo sector does not provide effective consumer protection and does not address the risks that exist for condo owners and buyers.

Our audit also found that the mandate given to the Condo Authority under the Act is limited compared with the mandates of other administrative authorities in Ontario, such as the Bereavement Authority of Ontario, the Electrical Safety Authority and Tarion Warranty Corporation. The Condo Authority lacks the ability to inspect or investigate potential abuses or misconduct by condo boards, or to get involved in the challenges of effective board governance, such as ensuring sound elections to the

board and effective financial management of the condo corporation. These limitations impact the ability of condo owners and purchasers to obtain assistance to best manage their ownership interests.

The Condominium Authority Tribunal (Tribunal), created in November 2017 under the Condo Authority with an aim to provide a quick and inexpensive adjudication function to resolve disputes in condo communities, can only hear disputes specifically related to records maintained by condo corporations and condo owners' rights to access those records as of the end of September 2020. We found that the only recourse open to condo owners for other issues—including condo board governance, condo fees for use of common areas and issues related to condo living such as infestation and noise—is to seek relief through private mediation and arbitration or through the courts, depending on the issue (or ultimately seek to change their condo board or stand for election themselves).

The following are some of our significant findings:

- **Initial developer-set condo fees are typically understated.** Our audit found that 47 condo boards, representing approximately 73% of the 63 boards that responded to the relevant question in our survey, experienced significant increases in condo fees, ranging from 10% to over 30%, in the first two years after the condo's registration. The impact of understated condo fees was also reflected in our survey of 518 condo owners, representing 75% of the ones we surveyed, who experienced increases in condo fees ranging from 10% to over 50% in the five years up to August 2020.
- **The majority of condo boards surveyed were required to increase reserve fund contributions by an average of 50%.** Condo fees paid by owners cover monthly operating expenses and also include an amount that the condo corporation sets aside to pay for future major repairs and replacement of the building's assets and other common areas. This amount goes into a reserve fund. We found that 69% of the 32 condo boards that responded to the relevant question in our survey did not have adequate amounts set aside in their reserve funds to plan for repairs and replacements of common areas and assets in their older condo buildings—those registered in 1980 and 2000.
- **Hundreds of unlicensed individuals and companies provide condo management services.** We identified 316 individuals and 156 companies that did not hold licences but were listed in the Condo Authority's public registry as providing condo management services and were associated with a total of 713 condo boards with over 44,000 units, as of February 2020.
- **Over 6,000 ineligible condo directors serve on boards.** We found that about 6,420 directors of condo boards (approximately 17% of the 37,568 directors active as of April 30, 2020) had not completed the legislatively required training within the six-month timeline, based on the information available to us. These individuals ceased to be eligible to remain as directors as per the Act, yet they continued to serve.
- **Condo owners face difficulties and barriers in accessing condo corporation information.** We found that condo owners did not get part or all of the information to which they sought access in 21 (51%) of 41 cases before the Tribunal. In these 21 cases, condo corporations were not required under the law to maintain information such as lists of permanent, temporary and contract staff employed by the condo corporation and support for the condo board's approval of a contract renewal—information that is important to condo owners.

Curriculum Development, Implementation and Delivery

The goal of the Ministry of Education is that students acquire the skills and knowledge they need to reach their full potential. Accomplishing this goal requires curricula that are current, relevant, balanced, developmentally appropriate and coherent from Kindergarten to Grade 12. The Ministry is responsible for developing the curricula to be taught to students and assessment policies to be used by educators. A substantial portion of the current curricula was developed many years ago. In fact, 15% of curricula subjects taught in the province were developed and put into practice at least 15 years ago, and an additional 51% were released between 10 and 14 years ago.

School boards are responsible for ensuring that their staff are implementing all curriculum expectations. Teachers are responsible for developing appropriate instructional strategies to help students achieve the curriculum expectations contained in the curriculum documents, and for developing appropriate methods for assessing, evaluating and reporting student achievement of the expectations, while principals supervise and evaluate the performance of teachers in this regard. We found that there are no formal processes in place at the Ministry, school boards or schools to provide assurance that all curricula are being taught effectively across the entire school system.

Some of our significant findings include:

- Curriculum was released without sufficient time for school boards and schools to review it and for teachers to prepare instructional materials and resources to properly implement it. We found four of the five most recently released curricula were released with little time for schools to prepare for their effective implementation. For example, the Health and Physical Education Elementary 2019 curriculum was released on August 21, 2019, just 10 days before schools were required to implement it on September 3, 2019.
- Many textbooks are old and not relevant or relatable to students. Several Ontario curricula have not been revised for over a decade and many of the corresponding textbooks on the Ministry's list of approved books are just as old. For example, Grades 9 and 10 math textbooks have been on the list for use for an average of 15 years since they were initially approved, and Grades 11 and 12 math textbooks have been on the list for an average of 12 years since they were initially approved. Although these textbooks covered 85% of the curriculum content at the time they were last revised for the relevant subjects, they do not always reflect current social, political and environmental issues. Examples in the textbooks are also outdated in some cases. In addition, we found examples of older textbooks being used with outdated terminology no longer considered appropriate when referring to Indigenous people.
- Province-wide student assessments (EQAO) test only two subject areas and do not provide a good measure of overall learning achieved by students across the province or within school boards. Assessments by the Education Quality and Accountability Office (EQAO)—a crown agency of the Province—test reading, writing and mathematics. This accounts for only two subject areas (language and math) of the seven mandatory subject areas offered in elementary schools and 18 subject areas offered in secondary schools. Further, assessments occur at four intervals in the span of a student's 12- to 14-year public schooling, but no standardized testing is scheduled in the student's senior years, Grades 11 or 12. We noted that all other Canadian provinces have standardized provincial assessments in select subjects and grades. However, in many cases, the tests are conducted in a student's senior high school year, and the result of a test counts to some degree toward the student's final mark.

- Varying levels of student instruction took place during the COVID-19 pandemic, as the Ministry did not provide clarity on all expectations regarding instruction by teachers. It was not until May 8, 2020, almost two months after schools were initially shut down, that the Ministry provided clarification on its expectations for remote learning. However, the Ministry did not set expectations for the frequency or duration of teacher-led real-time virtual instruction (referred to as synchronous learning). A survey conducted by the Ministry revealed that 29, or 48%, of school boards reported that only half or less than half of their teachers were offering their students live, real-time instruction on-line, as of May 20, 2020.

Electrical Safety Authority

The Electrical Safety Authority (ESA) was established in 1999 with a mandate to improve public electrical safety in Ontario. In Ontario, it is against the law to put in almost all electrical installations without notifying the ESA. Only licensed electrical contractors can put in installations for the public, with two main exemptions: homeowners can put in installations in their own homes, and an owner or an employee can put in installations within an industrial facility or on a farm.

Among its mandated responsibilities, the ESA licenses electrical contractors and master electricians, and investigates and prosecutes illegal electrical installations.

The ESA is self-funded through the fees that it charges for its legislatively mandated inspections and other services; it does not receive any government funding. The ESA also collects additional fees by offering general inspections, safety training and other services that are outside of its legislative mandate. The ESA employs about 530 people and is the only delegated authority in Ontario with a unionized workforce.

Overall, we found that the state of electrical safety in Ontario has improved over the last 10 years; however, the ESA is not operating effectively and in a cost-efficient way. For example, the ESA conducts many unnecessary inspections, and for many years it did not adopt technology that could have made its inspection process less costly.

We also found that the ESA's operations are not fully effective in inspecting for public electrical safety. For instance, until we identified and informed the ESA that its computer system (which tracks unsafe electrical installations) was displaying inaccurate information, the ESA did not know that its inspectors were not following up on thousands of inspected unsafe electrical installations.

Our significant findings include:

- The ESA conducts unnecessary inspections that do not contribute to improved public safety. In 2011, the ESA sought to implement a risk-based inspection approach. Such an approach would allow the ESA to focus on high-risk installations, and reduce the number of its inspections without jeopardizing public electrical safety. According to our expert, many routine and simple installations, especially those done by experienced contractors, do not require an inspection to be deemed safe. Technical Safety BC, the ESA equivalent in British Columbia, has been prioritizing higher-risk installations over routine and simple ones for the last 15 years, and as a result inspects only 20% of the installations it gets notified of. The ESA, however, did not adopt this approach in 2011 because it was not successful in negotiating with the union that represents the ESA's inspectors who did not support it out of concern for job losses. On July 6, 2020, after agreeing not to reduce its workforce, the ESA did implement a new risk-based inspection approach aiming to reduce its inspections by 10%. However, going by past performance, there is little assurance that inspectors will prioritize high-risk inspections: between 2015 and 2019,

of the ESA's 113,000 inspections of simple installations, 45,000 were not required to be inspected according to the ESA and took away resources and time from conducting higher-risk inspections. We further found that prior to July 2020, the ESA had already been informally passing 11% of its inspections without actually conducting them. In essence, the ESA is not reducing its inspections to become more efficient, but will conduct the same number of inspections to continue to generate enough revenue to fund its workforce and operations. Salaries and benefits to fund the workforce totalled about \$89 million in the 2019/20 fiscal year. Inspection fees account for \$90 million, or 80%, of the ESA's total fee revenue of about \$113.3 million.

- The ESA could use technology to make its inspection process less costly. **Many inspections of electrical installations can be done remotely by examining photos or videos of the installation.** This saves inspector travel time and vehicle costs. Electrical safety organizations in many other Canadian jurisdictions, such as British Columbia, Alberta, Manitoba and the Northwest Territories, have been using photos and videos to inspect some installations for years, some as far back as 2010. The ESA has not, however, and began remote inspections only in April 2020, on a temporary basis, as a result of the COVID-19 pandemic. We found, using actual driving distance information reported by all ESA inspectors for the 12-month period from April 2019 to March 2020, that inspectors on average spend about 30% (2.5 hours) of their eight daily working hours in a car, driving an average of about 130 kilometres between inspection sites.
- The ESA could save approximately \$300,000 to \$500,000 annually if it followed the government's meal reimbursement policy. The ESA allows its inspectors to claim daily lunch expenses when they are in the field con-

ducting inspections. The ESA does not use the Ontario government's meal reimbursement policy, which caps lunch reimbursements at \$12.50 (including tax and gratuities). Instead, inspectors are allowed to spend any "reasonable and appropriate" amount on lunch, at their discretion. In the 2019/20 fiscal year, they spent an average of \$20 for each lunch, totalling about \$1.3 million, or about \$4,800 per inspector. About 80% of approximately 40,000 lunch reimbursements in the 2019/20 fiscal year exceeded \$12.50. We estimate that if the ESA had used the meal reimbursement policy's cap in 2019/20, it could have reduced its costs by about \$300,000 to \$500,000 in that year.

Indigenous Affairs in Ontario

In Canada, Indigenous Peoples are First Nations, Métis and Inuit. According to the last census in 2016, 22% of Canada's Indigenous population lived in Ontario. The nearly 375,000 Indigenous Peoples in Ontario accounted for 3% of Ontario's population. About 15% of Indigenous Peoples live on reserves (lands set aside by the Crown for the exclusive use of Indigenous communities). Many societal and historical issues have led to inequity between Indigenous and non-Indigenous people in Ontario, as well as Indigenous people living on reserve and off reserve.

Indigenous Peoples continue to advocate for their right to self-determination, the elimination of systemic racism, and having a primary role in the development and implementation of programs and services. The Ministry of Indigenous Affairs is responsible for setting priorities and tracking the province's progress in delivering policies and programs effectively to improve the lives of Indigenous Peoples.

Overall, our audit found that the Ministry has neither taken the lead, nor been given the authority required to co-ordinate the province's policies, programs and services for Indigenous Peoples.

Each provincial ministry independently designs and implements its own Indigenous policy initiatives according to its own priorities. Problems with this decentralized approach are compounded by the absence of Ministry oversight.

The following are some of our specific concerns:

- The province is not regularly assessing and reporting on its effectiveness in improving the lives of Indigenous Peoples. Despite committing to publicly report on the progress of Indigenous initiatives in the areas of health, employment, education and justice in response to the 2015 Truth and Reconciliation Commission report, the province has not done so. The Ministry did create reports on social and economic indicators using information from Statistics Canada and other sources in 2016 and 2018, but these reports were never publicly released. Canada, British Columbia and Alberta publicly report on their Indigenous affairs performance measures.
- Neither the Ministry of Indigenous Affairs, nor any other provincial ministry or agency, is aware of all provincial programs and services for Indigenous Peoples in Ontario, and this information is not publicly available. Without comprehensive information on Indigenous programs and services, the province cannot effectively co-ordinate its efforts to improve social and economic outcomes for Indigenous Peoples. The Ministry only posts 11 of the 140 provincial programs designed to benefit Indigenous Peoples on its webpage, and could only provide us with a listing of 30 programs when requested. To compile a complete inventory of all Indigenous programs and services in the province for a five-year period, we had to contact the Treasury Board Secretariat and each ministry separately for the information. As this information had never been compiled before, ministries took up to six months to identify all relevant programs and associated funding for our Office.
- When developing programs and services for Indigenous Peoples, the province does not always engage them to ensure the programs and services effectively meet their needs. Engaging with Indigenous Peoples helps ensure that ministries develop programs and services that more effectively meet the needs of the communities in a culturally appropriate manner. Unlike consultation, there is no legal obligation for engagement when developing Indigenous programs and services. However, engagement is considered a best practice. For example, lack of engagement by the Ministry of Health has resulted in Indigenous people not having access to culturally appropriate health care incorporating traditional healing and translators. The Ministry also did not engage Indigenous Peoples when developing either its 2016 Indigenous affairs strategy or its guide to help other ministries engage Indigenous Peoples.
- The Ministry does not effectively manage its land claims settlement process in an accountable manner. The Ministry does not establish expected timelines, milestones or costs for the settlement of land claims. Further, it does not track delays or identify barriers which could allow it to improve efficiency. A land claim is a formal statement made by a First Nations or other Indigenous community against the Crown (the governments of Canada and Ontario) asserting it is legally entitled to land and/or financial compensation, it did not surrender its original rights to land and resources, or that the Crown has not lived up to its obligations under a treaty. The Ipperwash Inquiry identified delays in the land claims process as “the single biggest source of frustration, distrust, and ill-feeling among [Indigenous Peoples] in Ontario.” The 19 land claims we reviewed that the province had concluded took, on average, 22 years to settle.

Information Technology (IT) Systems and Cybersecurity at Metrolinx

Information Technology (IT) systems play a vital role in managing day-to-day public transit operations at Metrolinx. In the 2019/20 fiscal year, Metrolinx provided a total of over 76 million passenger trips on eight train lines through 68 GO train stations, on the Union-Pearson (UP) Express and its four stations, and on 44 GO bus routes. IT systems are used to operate critical transit functions such as rail signals, switches and fare payment devices as well as the customer information systems that provide schedule information, service alerts and disruption updates. Metrolinx has various IT systems and websites that are used by its employees for transit operations, and by its customers to plan their trips with information about fares and schedules, and for general inquiry.

Metrolinx also oversees the operation of PRESTO, a fare payment system that has been managed and operated by Accenture under contract since 2006. PRESTO and other fare payment operations are also heavily dependent on IT systems.

During the course of our audit, we noted that Metrolinx began to act on some of our findings. It is in the process of improving contractor oversight processes, including contractors' performance reviews. Metrolinx has also begun to improve IT project management processes, such as documenting project approvals, monitoring timelines and tracking costs. In addition, Metrolinx is in the process of identifying key IT systems to assess impacts to business operations in an event of an outage from a disaster.

Our significant findings include the following:

- Frequent IT incidents caused train delays and cancellations, resulting in lost revenue. Critical transit operations have experienced frequent IT-related incidents, such as network connectivity issues, system malfunctions, software and hardware issues resulting in train delays and cancellations. From January 2015

to January 2020, there were nearly 4,500 GO train and UP Express delays and cancellations resulting from IT software and hardware issues. In that time period, train delays and cancellations attributable to IT incidents have caused customers to be inconvenienced and have resulted in approximately \$450,000 in lost revenue due to refunds through the Service Guarantee Program.

- Eligible customers do not always receive a fare refund as entitled under the Service Guarantee Program when experiencing train delays of 15 minutes or more or cancellations that are within Metrolinx's control. We found that although Metrolinx has the technology and necessary data to automatically refund customers who qualify for the program, Metrolinx does not do this. Instead, only those customers who apply for the refund receive it. Of the 4,500 train delays and cancellations caused due to IT incidents, only 23% of the eligible customers applied for the Service Guarantee program for a total refund of approximately \$450,000, with another approximately \$2.2 million of eligible refunds kept by Metrolinx.
- Metrolinx has not consistently tested its IT systems for cybersecurity risk. With the exception of the PRESTO IT system, Metrolinx does not perform regular security scans, such as penetration tests, on selected critical IT systems and websites to identify security weaknesses. We noted that Metrolinx has been subject to cyberattacks resulting in breaches of its customers' personal information.

Metrolinx Operations and Governance

Metrolinx is a government agency that plays a key role in public transit services in Ontario. Metrolinx operates GO Transit trains and buses in the Greater Toronto and Hamilton Area and the Union Pearson (UP) Express from Union Station in downtown

Toronto to the Toronto Pearson Airport. It also awards and manages the contracts for the electronic fare system PRESTO.

Regarding its train and bus operations, Metrolinx's on-time performance for GO trains, that is, its ability to keep trains on schedule, has been between 92% and 95% during the last five years, and for buses approximately 95% consistently. Its on-time performance for trains is comparable to that of other transit agencies in the United States and the United Kingdom.

For PRESTO, Metrolinx is highly dependent on its service provider Accenture. The Ministry contracted Accenture in 2006 to build an electronic fare system with capability for flat fares (same fare regardless of the distance travelled) and zone-based travel (fare based on the number of zones crossed in one trip); fare system equipment (for example, tap devices); an initial website; and capability for customer service access such as in-person, via telephone and email. Since 2006, Accenture's scope of work increased to include services including deploying PRESTO on the TTC in Toronto and OC Transpo in Ottawa.

The Ministry's original contract with Accenture totalled \$231.7 million. Metrolinx took over the contract with Accenture in 2011. As PRESTO services expanded after 2012, Metrolinx engaged Accenture for additional work worth over \$1.7 billion under the existing agreement without competitive procurements.

In 2019/20, Metrolinx's total operating costs were \$1.151 billion. As of December 31, 2019, Metrolinx employed the equivalent of 4,197 full-time staff. Since 2014/15, Metrolinx has had increasing operating deficits that have been subsidized by the province. It will face further financial pressure as a result of the COVID-19 pandemic.

On December 18, 2019, the Leader of the Official Opposition in Ontario requested that our Office assess the reasonableness of cost estimates presented to the public under the current and previous governments for rapid transit projects. This request included the Hamilton light rail transit (LRT)

system, which the Ministry cancelled on December 16, 2019. We replied on December 19, 2019 that we were in the process of auditing Metrolinx and we would be reviewing this issue.

Our significant findings include the following:

- Although Metrolinx plans to competitively procure the services Accenture currently provides in anticipation of the PRESTO contract expiration in 2022, Accenture may have an advantage in being chosen for this work. Between October 2019 and April 2020, Metrolinx engaged Accenture, under its existing agreement, to develop and pilot an open payment capability (the ability to use debit or credit cards to tap and pay) on UP Express. Engaging Accenture to deliver the open payment pilot work could likely give Accenture a further advantage over competing service providers when all the PRESTO systems and services are tendered.
- Since the launch of PRESTO in 2010, riders have not yet had two key elements implemented: the convenience of integrated fares across the GTHA, and the ability to use their own debit or credit cards to tap and pay. Metrolinx's vision for integrated fares across the GTHA would allow riders to pay just once when they cross regional and municipal boundaries using different transit systems. However, we found that little progress had been made at the time of this audit.
- The COVID-19 pandemic has had, and continues to have, a significant impact on all areas of Metrolinx's business. In March 2020, Metrolinx reduced services and/or suspended routes on GO trains, buses and the UP Express, as ridership declined by as much as 95% as a result of the pandemic. In September, Metrolinx increased services on both its rail and bus lines as schools and some businesses reopened. While ridership saw a steady but slow recovery, as of September 2020, ridership was still about 90% below Metrolinx's pre-COVID ridership forecast. The

preliminary analysis indicated a significant increase in the amount of provincial subsidy Metrolinx will require in 2020/21, of potentially as much as \$600 million above previously approved levels.

- The Ministry of Transportation was aware as early as 2016 that the total cost estimate for the Hamilton LRT would be higher than the \$1 billion in capital costs that the province had publicly committed to funding in 2015, but it did not make this fact public. The \$1 billion was sufficient to cover only the project's initially estimated construction cost. Subsequently, in December 2016, Treasury Board approved a budget of \$2.981 billion for the project, based on estimated costs that included \$823 million in construction costs. In March 2018, Treasury Board approved a revised cost estimate of \$3.659 billion, including construction costs of \$1.083 billion, because the LRT's estimated length had increased. We found that the 2016 and 2018 estimates did not represent the full cost of the LRT and were significantly understated. These estimates were not made public at those times. Based on a detailed review, we found that the \$5.5-billion cost estimate reported by the Minister of Transportation in December 2019, when the project was cancelled, was reasonable.

Museums and Galleries

The Ministry of Heritage, Sport, Tourism and Culture Industries provides funding to museums and art galleries to support Ontario's culture sector and the Ministry's overall objective to improve the quality of life of Ontarians, and promote economic growth. In 2019/20, the Ministry provided a total of \$52 million in funding to the Art Gallery of Ontario (AGO), the Royal Ontario Museum (ROM) and the McMichael Canadian Art Collection (McMichael). Each of these organizations is governed by its own legislation that establishes its mandated activities.

Consistent with the traditional role of museums and galleries, these activities include collecting objects and artwork, displaying them, providing education programs related to their collections, and generating public interest in their collections and exhibitions. In 2019/20, these three institutions had more than 2 million visitors.

The AGO, ROM and McMichael are accountable to the Ministry—the ROM and McMichael are board-governed provincial agencies, while the AGO is a transfer payment recipient. Overall, we found that the Ministry can be more effective in its oversight of the museum and galleries.

Our significant findings include the following:

- All three institutions did a good job of safely storing the artworks, objects and artefacts in their collections in line with best practices. All three had sufficient environmental controls and kept their storage vaults at the appropriate temperature and humidity levels. All three also offered a variety of education programs to the public related to their collections.
- None of the three institutions had policies in place to conduct regular inventory checks to verify the existence of the artworks, objects and artefacts in their collections, and none of them routinely estimated the financial value of their collections to assist them to evaluate whether they maintained sufficient insurance coverage.
- The Ministry could not demonstrate why it provides \$21 million in annual funding to the AGO—which is a transfer payment recipient—or what the Ministry's specific objective was in providing that funding, beyond generally assisting the AGO to fulfil its mandate.
- The AGO alone accounted for \$101 million, or 22%, of all income tax certificates issued by the Canadian Cultural Property Export Review Board (CCPERB) for donations made to all Canadian institutions over the last five years. Donations certified by CCPERB provide donors with additional tax advantages compared with those that are not certified by

CCPERB. Despite the cost to taxpayers of the AGO's acquisitions, we found that the AGO has not displayed the majority of these donations that it has received in the last five years that were certified by CCPERB. In addition, the AGO has not experienced a significant increase in its attendance as a result of these donations.

- We identified weaknesses in the AGO's governance processes where Board members donated artworks to the AGO, but there was no evidence that they declared their conflict of interest or excused themselves during the vote to approve their own donations.
- While management at the museum and the two galleries indicated that it is important to have successful exhibitions in order to draw attention and attendance to their institutions, we found that none of them had an effective process to demonstrate that they select exhibitions that are most likely to be successful. In addition, all three organizations did not assess the cost-effectiveness of their exhibitions. They either did not set targets for the profit or loss they expected their exhibitions to achieve, or had not analyzed the results to identify why they had missed their targets.

Retirement Homes Regulatory Authority

The Retirement Homes Regulatory Authority was established in 2011 and oversees retirement homes under the Retirement Homes Act, 2010. Through the Act, the Authority has been delegated to promote and enforce consumer protection and safety. The Authority is a self-funded, not-for-profit administrative authority and is overseen by the Ministry for Seniors and Accessibility.

Our audit found that a shift is occurring whereby thousands of beds in retirement homes are being occupied by individuals who have more intense health-care needs than the more active and independent seniors that many retirement homes

were designed for. According to Ontario Health, as of March 31, 2020, of the approximately 38,000 people waiting to be placed in long-term-care homes, 26%, or about 10,000, were waiting in licensed retirement homes.

As of March 31, 2020, there were 770 licensed retirement homes in Ontario with the potential capacity to provide care and accommodation for about 80,000 Ontarians. The 10,000 individuals were housed across all retirement homes, including those that are co-located with long-term-care homes. According to the Authority, 101 or 13% of the licensed retirement homes share a location with long-term-care homes.

According to Ontario Health, in 2019/20 just over 4,000 people who lived in retirement homes were previously hospital patients who were designated as alternate level of care (ALC). Patients designated as ALC are discharged from a hospital because they no longer require acute care but can be in a condition where it may be suitable for them to be in a long-term-care home or other more appropriate alternative settings.

Some of our significant audit findings include:

- The care and accommodation of thousands of former hospital patients in retirement homes are not subject to Authority oversight, nor Ministry of Health inspections. In 2019/20, 4,201 patients designated as alternate level of care (ALC) were discharged from hospitals to retirement homes. Some of these patients stay in retirement home beds under a program subsidized by the Ministry of Health. Neither the Ministry of Health nor the Local Health Integration Networks perform inspections or systematically handle complaints for these subsidized beds to ensure patient security and safety.
- The impact of COVID-19 on retirement homes has been significant, even though they have experienced fewer reported cases and deaths than long-term-care homes. According to COVID-19 outbreak data collected by the Authority, 185 COVID-19 outbreaks were

detected at 171 licensed retirement homes, affecting 989 residents and 491 staff as of August 31, 2020. A total of 209 residents from 48 retirement homes died.

- Neither the Ministry for Seniors and Accessibility nor the Authority track the number of patients designated as ALC in retirement homes. This meant that we were unable to determine how many of the 209 COVID-19 deaths and 989 infections of residents in retirement homes during our audit were patients designated as ALC.
- Five retirement home operators have still not installed fire sprinkler systems. Another five retirement home operators have indicated to the Authority that they had installed the fire sprinkler systems but had yet to provide the final review report from engineers and municipal inspectors, before installation can be considered complete. As of January 2019, the Fire Code requires that retirement homes have automated fire sprinkler systems installed.

Supportive Services for Adults with Developmental Disabilities

Approximately 1% of Ontarians have a developmental disability—a lifelong condition that affects a person’s intellectual, social, and/or behavioural development. The Ministry of Children, Community and Social Services funds a variety of supportive services to help adults with developmental disabilities live at home, work and attend school in their communities, and participate in a wide range of activities.

The Ministry funds 316 transfer payment agencies (Service Agencies) to provide supportive services across the province to adults with developmental disabilities. Eleven of these Service Agencies also administer the Ministry’s Passport program, which provides funding directly to adults with developmental disabilities to purchase their own supportive services on a reimbursement basis. In addition, nine Service Agencies are designated

as Developmental Services Ontario (DSO) offices responsible for the intake of applicants for supportive services, which includes confirming the applicant’s eligibility and assessing support needs.

The Ministry’s funding of developmental supportive services programs increased by 49% in the last five years from \$578.7 million in 2015/16 to \$859.4 million in 2019/20. However, due to limited funding, not all people receive all the supports they are eligible for.

The following are some of our specific concerns:

- Credentials of psychologists and psychological associates are not verified, despite the reliance on their assessments to determine eligibility for supportive services. Although Developmental Services Ontario (DSO) relies on psychological assessments to establish eligibility for supportive services, DSO staff are not required to verify that the psychologists or psychological associates completing the assessments are qualified. We found that in 6% of the application files we reviewed, the psychological assessment was either missing, or the qualifications of the psychologist or psychological associate could not be verified with the College of Psychologists of Ontario.
- DSO offices did not have a targeted time frame to complete client needs assessments, and wait times across the province for these assessments were very long. The average wait time for adults in Ontario to receive a needs assessment was 8.1 months in 2019/20, and ranged from 8.1 months to 10.8 months in the last five years. Wait times for needs assessments also vary significantly among the province’s nine regional DSO offices. While clients waited an average of 13 months for their needs assessment at the Toronto DSO office in 2019/20, clients at the Northern DSO office in Thunder Bay waited an average of just 3.1 months. How quickly a client receives supports is therefore significantly influenced by where they live.

- Across the province, the number of people waiting for agency supportive services had grown by 80% in the last five years, from almost 19,000 in 2015/16 to almost 34,200 in 2019/20. The number of people waiting at some DSO offices had grown by more than 100% over the same period—and by 147% at the South East DSO office. The Ministry does not assess the reasonableness of the growth in wait lists at DSO offices to determine whether corrective action is needed to provide equitable access to services across the province.
- Passport recipients are being reimbursed for very expensive professional sports and concert tickets. While Passport funding can be used to attend events to increase client participation in their communities, we found a number of instances where Passport clients were reimbursed for expensive and/or large numbers of tickets to professional sports and entertainment events. This is occurring while the Passport program has limited resources that cannot currently meet the demand for the program. For example, a client spent \$2,214 on two tickets to a Toronto Raptors game and \$2,070 on two tickets for a concert just three weeks later.

Virtual Care: Use of Communication Technologies for Patient Care

Virtual care, unlike traditional in-person health care, uses technologies to enable remote communication between patients and health-care providers, as well as between health-care providers. While many of the technologies required to deliver virtual care, such as smartphones, computers and email, have been around for decades, virtual care is still an emerging area of health care.

Although virtual care does not replace traditional in-person care, there has been a significant increase in the interest of virtual care as an option, driven by a public demand for convenience and

timely access to health-care services. Over the last five years, the number of virtual-care visits between physicians and patients through the Ontario Telemedicine Network (Telemedicine Network) has increased by over 250%, from about 320,000 visits in 2014/15 to over 1.2 million visits in 2019/20. Recently, the COVID-19 pandemic has significantly accelerated the increase in demand for virtual care.

The Ministry of Health primarily funds virtual-care services for Ontario patients in three ways: funding to the Telemedicine Network; payment of physician billings for virtual care; and payment to an external service provider operating Telehealth Ontario. In 2019/20, the Ministry provided approximately \$31 million in funding to the Telemedicine Network and spent almost \$90 million on physician billings for care that was provided to patients virtually through the Telemedicine Network. The Ministry also paid approximately \$28 million in 2019/20 to the external service provider operating Telehealth Ontario, a 24-hour-a-day, seven-day-a-week telephone line that allows callers to ask health-related questions and receive information or advice from a nurse.

Our audit found that although the Telemedicine Network has been around for almost 15 years and the Ministry has initiated health strategies that focus on digital technology in recent years, Ontario's progress on integrating virtual care into the health-care system remains slow. For example, the Ministry had not established any long-term vision or goals and targets, and it only began allowing physicians to bill for virtual-care video visits outside of the Telemedicine Network when necessitated by the COVID-19 pandemic. By comparison, other jurisdictions and private companies have adopted multiple technologies (such as phone calls and secure messaging) that have been working well and are more convenient for patients to access.

The following are some of our significant findings:

- Although the Ministry has initiated digital health-care strategies over the last five years and its 2019 Digital First for Health Strategy

aims to expand virtual care in Ontario, the Ministry has not identified specific long-term goals and related targets for what it wants virtual care to look like in the future. As a result, it is difficult to evaluate the effectiveness of the Ministry's efforts in moving virtual care forward, and progress has remained slow.

- The Ministry provides funding specifically for virtual-care services only when physicians use the Telemedicine Network's platform to interact with their patients and it is the physician's choice of whether and when to offer patients virtual care. Therefore, in order to bill for virtual-care services, physicians must register with the Ministry and use the Telemedicine Network's platform. While the Ministry has increased access to virtual care by allowing physicians to bill Ontario Health Insurance Plan (OHIP) for virtual-care services provided through other platforms or by telephone during the COVID-19 pandemic, the changes are temporary. If these temporary changes are removed and a physician decides not to offer virtual care, patients who want virtual care may have to seek other options such as private companies offering virtual care at a cost.
- Gaps between virtual-care availability and demand have provided an opportunity for pri-

vate companies to offer virtual-care services to patients outside of the public health-care system. These private companies offer more timely and convenient access to virtual care for patients who are willing and able to pay, but create risks to patient continuity of care. These private companies operate outside the purview of the Ministry.

- The Ministry has not made adequate efforts to monitor and review questionable patterns of virtual-care usage through the Telemedicine Network and related billings by physicians. We identified numerous cases where physicians had significantly high virtual-care billings and reported seeing an unusually high number of patients in a single day. For example, a physician working in a primary-care practice had virtual-care billings of \$1.7 million in 2019/20 and saw as many as 321 patients virtually in a single day. This physician also billed the Ministry for another \$1.9 million for insured services (for example, in-person care) in 2019/20. The Ministry is unaware of billing discrepancies because it does not compare physician billing data with the Telemedicine Network's data to verify that physicians are appropriately using the Telemedicine Network for virtual-care billing purposes.