

Summary

At the Office of the Auditor General, we audit a wide range of services and programs delivered by ministries, agencies, government organizations and organizations in the broader public sector. We identify areas that need improvement, and we take great care to make practical recommendations based on our audit findings that these entities can implement to improve their programs and services to Ontarians. We believe that identifying issues and providing recommendations is only the first step; the real work begins when those responsible “take action” to put our recommendations into practice. It is for this reason that a key part of our Office’s work is to follow up on our past audits to assess the progress made on our previous recommended actions. Our follow-up work consists mainly of discussions with the entities we have audited and a review of supporting documents they provide.

Chapter 1 and Chapter 2— Follow-Up Reports on Value-for- Money Audits, Public Accounts, and the Special Audit on the Niagara Conservation Authority in our 2018 Annual Report

The combined chapters contain 17 follow-up reports on 15 value-for-money audits, Chapter 2 Public Accounts of the Province of Ontario published in our *2018 Annual Report*, and our 2018 Special Audit of the NPCA. We note that progress has been made in the last two years: 74% of our rec-

ommended actions were being implemented (compared to 69% reported in our *2019 Annual Report*). We note that 42% of our recommended actions had been fully implemented (32% in our *2019 Annual Report*). We are encouraged by the increased rate of implementation of our recommendations and program improvements in a number of areas from specific chapters in our *2018 Annual Report*.

1.01 Assistive Devices Program

During our follow-up to our *2019 Annual Report*, we found that the Ministry of Health fully implemented 72% of the recommendations relating to its oversight of the Assistive Devices Program (Program). It established a consistent pricing review model and is now regularly monitoring the prices and fees charged by vendors. As well, it has increased the work it does to monitor vendors’ and authorizers’ compliance with Program policies and procedures, and has provided mandatory risk-management and fraud-related training to all Program staff. It is in the process of implementing recommended actions such as conducting follow-up reviews of vendors with a history of non-compliance with the policies; documenting and tracking oversight activities and their results; and monitoring patterns and trends of claims to identify misconduct. As a result, the risk of overpaying vendors for ineligible claims remains high. Without following up and taking timely action on vendors suspected of abusing the Program, it is more difficult to collect overpayments from

vendors. Our 2018 audit found that the Ministry not only consistently continued to overpay vendors for ineligible claims, but also conducted no regular 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, but there had been no follow-up since on this vendor, who continued to submit claims and received a total of about \$5.8 million in 2016/17 and 2017/18.

1.02 Darlington Nuclear Generating Station Refurbishment Project

During our follow-up to our *2018 Annual Report*, Ontario Power Generation (OPG) informed us that while the impact of COVID-19 has caused it to move the completion date of the Darlington Nuclear Generating Station Project (Project) from February 2026 to October 2026, the Project is still expected to be completed on budget. At the time of our follow-up, 11% of our recommended actions were fully implemented and 89% in the process of being implemented. Our follow-up found that OPG has regularly assessed lessons learned from completed Project work and applied those to the remaining work on the Project. For example, OPG and its contractors collaborated in over 50 meetings in 2019 to identify and document lessons learned from previous Project work, and incorporate actions to address these lessons into the planning work for subsequent units. This process has generated over 3,900 individual lessons learned, resulting in over 1,160 actions to be taken. As of June 2020, almost 850 of these actions had been completed. However, OPG has not fully explored the opportunity for further cost reductions on the Project. For example, our audit found that OPG estimated spending almost \$50 million more on Project oversight and support than it initially estimated (including costs associated with providing additional support to contractors), but it did not consider these additional incurred costs when paying profit to the contractors. In our follow-up, we found that while OPG has tracked the cost associated with the sup-

port it provided to the contractors, it still has not reduced the amount of profit it pays to contractors for Project work.

1.03 Health Quality Ontario

In our 2018 audit, we noted that Health Quality Ontario had difficulty assessing and demonstrating its impact on the quality of health care in Ontario. This was largely because its recommendations and advice were not required to be implemented by the Ministry or Local Health Integration Networks, the two parties that provided funding to and have accountability agreements with health-care providers. Our 2020 follow-up found that HQO has fully implemented 14% of our recommended actions. Specifically, we found that HQO had made little progress on measuring and publicly reporting on the rate of implementation/adoption of its clinical care standards and on the impact its activities are having on the quality of health care in the province. In addition, HQO had done little to establish ideal ranges for performance targets to be set by health-care providers in their quality improvement plans and to assess the potential benefits of enforcing the use of clinical care standards through the Local Health Integration Networks. The Ministry also had made little progress in clarifying the respective roles and responsibilities of the key parties in the health-care system with respect to requiring the adoption of recommendations made by Health Quality Ontario and the use of quality improvement tools made available by Health Quality Ontario to health-care providers. The Ministry of Health and Health Quality Ontario both informed us that the merger of multiple entities with Ontario Health, including the move of Health Quality Ontario and Local Health Integrated Networks into Ontario Health, has had an impact on the timing and implementation of some of our recommendations.

1.04 Interprovincial and International Health Services

During our follow-up to our 2018 audit of Interprovincial and International Health Services, the Ministry of Health (Ministry) informed us that it had worked with other provinces and territories to update the categories and rates for out-patient services for 2020/21. We found that the Ministry has fully implemented 52% of our recommended actions. Our 2018 audit found that Ontario hospitals did not always fully recover the costs of providing out-patient services to patients from the rest of Canada. Hospital out-patient reimbursement rates were common across Canada regardless of the actual costs incurred by each hospital. The 13 categories of out-patient services had undergone minimal changes since they were developed in the 1980s, and multiple services were grouped in more general categories. For example, hospitals were reimbursed \$359 per visit for services provided under a single category called “standard out-patient visits” but the category incorporates services with a wide range of costs, from relatively low-cost services like fixing a dislocated limb at an average cost of \$154 per visit, to a high-cost service such as peritoneal dialysis for patients with kidney disorders at an average cost of \$3,276 per visit. The Ministry acted on our recommendation and indicated that work was under way to introduce new categories and rates for out-patient services starting in 2021/22, so that Ontario hospitals can be more fairly reimbursed for the health services they provide to out-of-province patients.

One of our recommendations focused on the need for the Ministry to obtain complete information on international patients’ use of the Ontario hospital system. The Ministry indicated that the related actions would not be implemented. The Ministry decided that it would continue to obtain limited information about those hospitals that provide health services to international patients for charitable and humanitarian care.

1.05 Legal Aid Ontario

One of our key recommendations for Legal Aid Ontario was that it should, together with the Ministry of the Attorney General (Ministry), work with the federal government and the Minister of Justice Canada to obtain a more predictable and sufficient proportion of federal funding to address the significant increase in refugee and immigration cases, and associated costs. These costs contributed to the \$40 million in deficits incurred by Legal Aid Ontario from 2015/16 to 2016/17. Although the implementation of this recommendation was under way for March 2022, we have already seen significant change since our 2018 audit. Since our audit, immigration and refugee legal aid in Ontario is solely funded by the federal government. For 2019/20, the Ministry and Legal Aid Ontario were able to obtain an additional \$25.7 million funding from the federal government for immigration and refugee cases in Ontario. This additional funding brought total federal funding for immigration and refugee legal aid in Ontario to \$40.9 million—almost double the amount in 2016/17 of \$23.6 million. For 2020/21, Legal Aid Ontario had again requested additional funding from the federal government for immigration and refugee cases. In August 2020, the federal government confirmed that it intends to provide an additional contribution up to \$26.8 million for six provinces that have immigration and refugee programs, subject to Parliamentary and Treasury Board of Canada approval. This additional funding, if approved, will bring the total federal contribution for immigration and refugee legal aid for Ontario up to \$36 million in 2020/21. Overall, we found the Ministry and Legal Aid fully implemented 32% of our recommended actions.

1.06 Metrolinx—Go Station Selection

During our follow-up to our *2018 Annual Report*, we found that Metrolinx and the Ministry of Transportation (Ministry) had committed to greater transparency and clear accountability when decisions

are made for political reasons through ministerial direction letters, and had fully implemented 100% of our recommendations. For example, based on our recommendation, Metrolinx implemented a policy that requires its staff to obtain written direction from the Ministry when the province's objectives are not in alignment with Metrolinx's business cases, plans and decisions. Also, Metrolinx established a clearer framework for how criteria used in business cases are established, changed and approved, which provides for more transparency and accountability for transit decisions in the Greater Toronto and Hamilton Area.

1.07 Metrolinx—LRT Construction and Infrastructure Planning

During our follow-up to our *2018 Annual Report*, we found that Metrolinx had fully implemented 44% of our recommended actions. For example, Metrolinx had improved its new business case process, which is used to evaluate transit projects, and now requires progressively detailed business cases be prepared and approved for each project prior to it proceeding to the next stage of project development and receiving related investment. We also noted that, although we recommended that Metrolinx evaluate all future claims and pay for costs that have been found to be its responsibility, Metrolinx was again engaged in negotiating a second significant financial settlement agreement, with few changes in its process to document the validity of allegations and evidence to demonstrate the value of the claims made by the consortium and to inform Metrolinx in its negotiations. No settlement had been finalized at the time of our follow-up.

1.08 MRI and CT Scanning Services

Our follow-up to our *2018 Annual Report* found that the Ministry of Health (Ministry) had not taken the actions needed to improve wait times for MRI and CT scanning services in Ontario. It has not yet analyzed and identified the reasons why wait times

vary significantly among Local Health Integration Networks (LHINs) in order to take necessary action, based on this work, to reduce the wait-time inequities across the province for MRI and CT scanning services. We found that only 4% of recommended actions were fully implemented. Our follow-up also found that the disparity for non-urgent scans continued to be significant in 2019/20. The 90th percentile wait time in 2019/20 for a non-urgent MRI ranged from 78 days in the Central East LHIN to 169 days in the Central West LHIN. The 90th percentile wait time for a non-urgent CT scan for the same year ranged from 27 days in the Central East LHIN to 135 days in the North East LHIN. We also found that, overall, wait times for both MRI and CT scans in 2019/20 had not improved since 2017/18. In 2019/20, 67% (slightly worse than 65% in 2017/18) of MRI patients and 43% (worse than 33% in 2017/18) of CT patients had long waits for their scans. These wait times were longer than the Ministry's targets for semi-urgent and non-urgent priority patients. As a result, Ontario patients continue to experience inequitable wait times depending on where they live. Most importantly, the long wait times for patients' MRI and CT scans delayed the diagnosis and treatment of these patients, and could have resulted in deterioration of the conditions of some of the patients.

1.09 Office of the Public Guardian and Trustee

The Office of the Public Guardian and Trustee (Public Guardian) was well on the way to implementing 100% of our recommendations, with 43% fully implemented and 57% in the process of being implemented. During our follow-up on our 2018 audit, the Public Guardian informed us that it was in the process of implementing our recommendation to develop criteria to determine when a community capacity assessor should be referred to a relevant regulatory college and/or removed from the roster of assessors. Capacity assessors are professionals, such as social workers and occupational

therapists, who work in the community and evaluate whether an individual is mentally incapable of making personal and financial decisions to qualify as a client of the Public Guardian. They are trained and qualified by the Capacity Assessment Office (Office), which reports to the Public Guardian and Trustee. We found that external reviews identified significant quality concerns with these assessors' work. However, the Office had never removed a non-performing capacity assessor from the roster it maintained. Further, the Office had never filed a complaint with any assessor's regulatory college. If this recommendation is fully implemented, there will be greater assurance that the Public Guardian takes control of the assets of only those individuals who ultimately require its property guardianship services. In turn, the Public Guardian will be in a better position to improve its services to the public and achieve its mandate.

1.10 Ontario Student Assistance Program

The Ministry introduced major program changes to the Ontario Student Assistance Program (OSAP) in the 2017/18 academic year, which started August 1, 2017. In our 2018 audit, we reported that the Ministry did not track whether the changes to OSAP led to improved access to post-secondary education for underrepresented groups. The Ministry did not know the income levels and other demographic factors of students who had not applied for OSAP. As a result, it did not know if the composition of students enrolled in school had changed and, in turn, if more underrepresented people were enrolled in post-secondary education than in the past. At the time of our follow-up, we found that the Ministry had made little progress on our recommended action to determine whether there has been an increase in the enrolment of students in post-secondary institutions from underrepresented groups. Our follow-up found the Ministry had made little progress in analyzing complaints data on the program and in performing timely follow-up inspections with public institutions. The

Ministry had also not put formal agreements in place with Financial Aid Offices at public institutions requiring compliance with Ministry policies and guidelines. The Ministry had also made little progress in working with the federal government to have the National Student Loans Service Centre initiate collection of defaulted student loans sooner or in revising the cost-sharing program with private institutions for defaulted loans. Our follow-up found that that 41% of our recommended actions had been fully implemented, and 18% were in the process of being implemented. Little progress had been made to date in implementing about 37% of our recommended actions.

1.11 Ontario Works

During our follow-up to our *2018 Annual Report*, we found that the Ministry of Children, Community and Social Services (Ministry) and the four service managers we visited during our audit had made some progress toward implementing our recommendations. For example, all four service managers were in the process of addressing our recommendation to ensure that they waive the requirement for Ontario Works recipients to participate in employment support activities in eligible circumstances only when supported by the necessary documentation. In addition, all four service managers had made progress or fully implemented our recommendation to complete eligibility verification reviews assigned by the Ministry on a timely basis. However, we found that the Ministry and service managers had made little progress in addressing the majority (71%) of our recommendations, including those aimed at ensuring that only eligible recipients receive Ontario Works financial assistance and that recipients progress toward obtaining employment.

1.12 School Boards—IT Systems and Technology in the Classroom

During our follow-up to our *2018 Annual Report*, we noted that the Ministry of Education and school

boards had fully implemented our recommendations at a rate of 39%, and were in the process of implementing our recommendations at a rate of 44%. Thus, they were acting on a majority of our recommendations. For example, school boards have provided devices to households in need to ensure their students could continue to learn during the COVID-19 school closures, and the Ministry launched an online website (ontario.ca/page/learn-at-home) to help students continue learning remotely.

11.13 Technical Standards and Safety Authority

The Technical Standards and Safety Authority (TSSA) and the Ministry of Government and Consumer Services (Ministry) had taken steps to increase public safety by implementing 67% of our recommendations. For example, in our 2018 audit, we found that although propane companies had been submitting Risk and Safety Plans to the TSSA, the TSSA was not using this information to determine the location of the highest-risk propane facilities and establish a risk-based inspection approach. We noted in our follow-up that the TSSA was now using this information to assign a risk score for each propane facility. It will use this score to develop a risk-based schedule that it will be following for its inspections of large bulk propane storage and filling plants and refill centres in the 2020/21 fiscal year. Also, the TSSA developed an action plan in November 2019 that outlines the specific steps the Ministry and the TSSA plan to take with oil distributors and tank owners to improve the safety of oil tanks.

1.14 Use of Consultants and Senior Advisors in Government

In our 2018 audit, we noted that using consultants could be costly, as they were generally paid more than full-time staff. However, they could be cost-effective when engaged for short periods or when they provide specialized services or expertise, since hiring them saves ministries from having

to hire new permanent full-time staff. An annual workforce-planning process would allow ministries to consider staffing needs based on forthcoming or longer-term priorities and available resources within the ministries to help reduce reliance on consultants. The province's procurement directive does not specifically require ministries to undertake such planning on an annual basis to support decision-making with respect to the procurement of consultants, and none of the ministries that we reviewed did this in 2018. This prompted us to recommend that the Treasury Board Secretariat, in collaboration with the Ministry of Government and Consumer Services, require ministries to undertake an annual workforce-planning process to consider ministry-wide staffing needs based on forthcoming and longer-term priorities and available resources, to ensure that consultants are hired only when needed, and in a cost-effective manner. Instructions for the 2021/22 multi-year planning process now request that the annual workforce plans, which ministries have to submit in November 2020, include specific reference to the use of consultants. Our 2020 follow-up found that 76% of our recommended actions had been fully implemented, and 24% were in the process of being implemented.

1.15 Waterfront Toronto

In our 2018 audit, we noted that successful oversight requires that the overseer has the authority to ensure the job is done right. However, Waterfront Toronto was never given this authority, and as a result, the development of Toronto's waterfront lands had largely continued to be driven by historical practices, the existing bylaws, and other regulations governing commercial and residential development. Another key responsibility of an effective overseer is to watch over all work being done to ensure it is done right, cost-effectively and on time. Waterfront Toronto never established all of the necessary processes to do this. This may have been partly because it never had any real authority to stop projects it believed were not consistent with

its vision of a world-class transformation of Toronto's waterfront. This prompted us to recommend that the Ministry of Infrastructure, in consultation with partner governments, conduct a review of Waterfront Toronto's mandate, focusing on defining clearly the role and authority it would need to have for it to revitalize the waterfront for the remainder of its legislated term; and clarify the roles and responsibilities of existing organizations that may have overlapping mandates or interest in the revitalization of Toronto's waterfront. At the time of our follow-up, the three levels of government had begun a strategic review of Waterfront Toronto's mandate, current and future initiatives, governance framework and financial outlook. The review will also address the overlap between Waterfront Toronto's development mandate and that of other entities. The strategic review is to be completed by the end of February 2021. Our 2020 follow-up found that Waterfront Toronto had implemented 72% of our recommended actions, with 22% in the process of being implemented. Some of our recommended actions were no longer applicable when Sidewalk announced on May 7, 2020 that it would no longer pursue the Quayside project.

1.16 Public Accounts

Our 2020 follow-up on recommendations in **Chapter 2** of our *2018 Annual Report*, Public Accounts of the Province of Ontario, found that the Ministry of Finance and Treasury Board Secretariat had implemented 50% of our recommendations. However, the government indicated that it would not update the current legislation to formalize that its accounting would be in accordance with Canadian Public Sector Accounting Standards (Canadian PSAS). The continuing need for the current "prescribed" or legislated accounting in legislation and regulations is unclear, given that the government has confirmed its commitment to follow Canadian PSAS. Canadian PSAS are the most appropriate accounting standards for the province to use in order to maintain its financial reporting credibility,

accountability and transparency. Following Canadian PSAS allows legislators and the public to better assess government management of public funds. Given the importance of this area, we continue to urge the government to formalize a requirement to follow the accounting standards established by the Canadian Public Sector Accounting Board, and to repeal existing legislation and regulations that enable accounting treatments to be prescribed if desired by a government.

Chapter 2—Follow-Up Report on Special Report

2.01 Niagara Peninsula Conservation Authority (NPCA)

The NPCA has been very responsive in addressing those of our recommended actions that are in its control. It has fully implemented 56% of them, with another 34% in progress. Actions taken by the NPCA to implement these recommendations have resulted in positive changes in the organization, but there is more work to be done, especially in the area of governance. During our 2018 audit, we stated that many of the operational issues we identified stemmed from a broader governance issue in which the *Conservation Authorities Act* (Act) gave Board members the authority to act on behalf of their respective municipalities. Leading governance best practices suggest that Board members who are appointed as representatives of a stakeholder group should be vigilant in ensuring that representing their stakeholder group does not conflict with acting in the best interest of the organization they are overseeing. To address the governance issues we identified, we recommended, for example, that the NPCA Board refrain from being involved in day-to-day operations. Our 2020 follow-up found that little progress had been made on this recommendation. Our inquiries of NPCA staff and our review of correspondence found that Board members had contacted staff about a total of 24 development projects since our 2018 audit. In October 2020, the NPCA

updated its Board of Directors Code of Conduct to state that Board members are not to use or attempt to use their authority or influence to intimidate, threaten, coerce or otherwise improperly influence any NPCA employee with the intent of interfering with that employee's duties. In our follow-up work, we found that the *More Homes More Choice Act, 2019* (Bill 108) amended the *Conservation Authorities Act* to require that Board members act in good faith to further the objectives of the authorities. Bill 108 received royal assent in June 2019 but had not yet been proclaimed at the time of our follow-up. Subsequent to the Bill 108 receiving royal assent, the Ministry of the Environment, Conservation and Parks embarked on a further consultation on the oversight and operations of conservation authorities. We were told that the Ministry would complete its review by the summer of 2021. However, in November 2020, the government included amendments in Bill 229, the *Protect, Support and Recover from COVID-19 Act (Budget Measures), 2020* (Bill 229), that effectively would reverse the unproclaimed change from Bill 108 and have conservation authorities' Boards be composed mainly of municipal councillors. As such, they would primarily act on behalf of their municipalities when making Board decisions, which would facilitate the same types of conflicts of interest that we observed during our audit.

Chapter 3—Follow-Up on Reports Issued by the Standing Committee on Public Accounts

The Standing Committee on Public Accounts (Committee) is currently composed of MPPs from both of the parties that have official status in the Legislature (the Progressive Conservative Party and the New Democratic Party) and an MPP from the Liberal Party, and is supported by its Committee Clerk and legislative researchers. Committee members are

dedicated to improving government programs and services delivered to—and funded by—the people of Ontario. In addition to holding hearings on selected chapters and sections from our annual reports and on selected special reports, the Committee makes observations and issues recommendations in its own reports, which further promote positive change by the entities we audit. **Chapter 3** of this report includes the follow-ups we conducted on the Committee's recommendations in eight reports it tabled between February 2019 and February 2020. We continue to see a positive response from government and agencies in the broader public sector to the Committee's work. Overall, only 24.4% (prior year—63%) of the recommended actions or requests for information made by the Committee in these eight reports were fully implemented or fulfilled. The best performance was in the implementation of recommendations in the Committee's report on Cancer Treatment. The low implementation rate this year is mainly attributable to the minimal implementation of the recommendations for Ontario Works. Many of the recommendations related to the Committee's reports on Public Health: Chronic Disease Prevention and Real Estate Services are still in the process of being implemented.

Chapter 4—Follow-Up on Recommendations from 2013 to 2019 Follow-Up on Audit Recommendations Issued by the Office of the Auditor General from 2012 to 2016

This chapter marks the fourth year that our Office has followed up on value-for-money audits beyond our initial two-year follow-up work. It includes follow-ups for audit reports issued in 2013, 2014, 2015 and 2016, as well as the follow-ups on our 2017 audit reports added this year.