

Chapter 1

Section 1.11

Ministry of Public and Business Service Delivery

Follow-Up on 2020 Value-for-Money Audit: Electrical Safety Authority

RECOMMENDATION STATUS OVERVIEW						
	# of Actions Recommended	Status of Actions Recommended				
		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
Recommendation 1	3	3				
Recommendation 2	3	3				
Recommendation 3	3	2		1		
Recommendation 4	1	1				
Recommendation 5	2	2				
Recommendation 6	2		2			
Recommendation 7	3	3				
Recommendation 8	3	3				
Recommendation 9	1	1				
Recommendation 10	1	1				
Recommendation 11	2	1				1
Recommendation 12	3	1	2			
Recommendation 13	1		1			
Recommendation 14	2	2				
Recommendation 15	2	1	1			
Recommendation 16	1	1				
Recommendation 17	2		2			
Recommendation 18	1		1			
Recommendation 19	2	2				
Recommendation 20	3	3				
Recommendation 21	1	1				
Recommendation 22	1	1				
Recommendation 23	3	3				
Recommendation 24	1	1				
Recommendation 25	3		3			
Total	50	36	12	1	0	1
%	100	72	24	2	0	2

Overall Conclusion

The Electrical Safety Authority (ESA) and the Ministry of Public and Business Service Delivery (formerly the Ministry of Government and Consumer Services), as of September 30, 2022, have fully implemented 72% of actions we recommended in our *2020 Annual Report*. The ESA and the Ministry have made progress in implementing an additional 24% of the recommendations.

The ESA has fully implemented recommendations such as further developing its risk-based inspection approach so that it will result in fewer inspections of low-risk installations and more inspections of higher-risk installations. The ESA reviewed its fee schedule and reduced the fee for inspecting installations related to residential renovations, which is the highest type of installations notified by the homeowner, by 34% from \$189 to \$124. High fees can discourage homeowners from requesting an inspection and defeats the ESA's objective of improving public safety. The ESA took a number of initiatives to reduce its operating cost. In an effort to reduce the travel and meal expenditure, effective February 2021, ESA staff are no longer permitted to purchase meals for members of the stakeholder communities ESA regulates, including licensed electrical contractors. The ESA also implemented a formal process to remote inspections thus reducing travel cost. The ESA developed inspection standards and checklists and made these documents publicly available on its website. The ESA also established a new policy to inform its inspectors when follow-up inspections must be completed. The Ministry worked with the ESA to assess the appropriateness of the ESA's general inspection program. The general inspection program was discontinued in April 2022 to ensure that regulatory inspections were not negatively impacted by general inspection services that, by law, are not required to be completed by the ESA. The ESA has publicly disclosed the compensation of its Board members. In addition, another 24% of recommendations are in the process of being implemented including introducing a new scheduling tool to ensure that inspectors are given the time

needed to properly conduct all assigned inspections and reduce the number of rescheduled inspections.

However, the ESA has made little progress on one of the recommendations (2%), including negotiating with the union representing inspectors to more closely align its reimbursement policy with the Ontario government's Travel and Meal Reimbursement Directive to allow for meal reimbursements, which is due to the timing of union negotiations. The ESA informed us that the next round of bargaining negotiations will take place in 2023. The ESA will work with the union on a review of the reimbursement policies. One recommendation is no longer applicable.

The status of actions taken on each of our recommendations is described in this report.

Background

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 Ministry of Public and Business Service Delivery (formerly the Ministry of Government and Consumer Services) is responsible for overseeing the ESA. The ESA employs about 530 people and is unionized.

Overall, in 2020 we found that the state of electrical safety in Ontario had improved over the previous 10 years; however, the ESA was not operating effectively and in a cost-efficient way. For example, the ESA

conducted 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 were 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 included:

- The ESA conducted unnecessary inspections that did 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, did not require an inspection to be deemed safe. 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. The inspectors 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 was little assurance that inspectors will prioritize high-risk inspections. We further found that prior to July 2020, the ESA had been passing 11% of its inspections without actually conducting them. In essence, the ESA was not reducing its inspections to become more efficient, but would 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 \$90 million in the 2021/22 fiscal year (\$89 million in 2019/20). Inspection fees accounted for \$93.6 million (\$90

million in 2019/20), or 81% (80%), of the ESA's total fee revenue of about \$115.8 million (\$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. The ESA began formally accepting remote inspections 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 spent 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 conducting inspections. The ESA did not use the Ontario government's meal reimbursement policy, which caps lunch reimbursements at \$12.50 (including tax and gratuities). Instead, inspectors were 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 (including tax and gratuities) 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 estimated 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.

Status of Actions Taken on Recommendations

We conducted assurance work between March 2022 and September 2022. We obtained written representation from the Electrical Safety Authority and the Ministry of Public and Business Service Delivery (formerly the Ministry of Government and Consumer Services) that effective November 18, 2022, they have provided us with a complete update of the status of the recommendations we made in the original audit two years ago.

Operational Inefficiencies

Recommendation 1

To enable the resources of the Electrical Safety Authority (ESA) to be used more efficiently and effectively to improve public electrical safety, we recommend that the ESA:

- *refine and further develop its new risk-based inspection approach so that it will result in fewer inspections of low-risk installations and more inspections of higher-risk installations;*

Status: Fully implemented.

Details

In our 2020 audit, we found that the ESA's inspection approach since its inception has been to inspect most electrical installations it is notified of, without prioritizing high-risk installations over routine and simple installations, resulting in inefficient use of resources. By comparison, the authority in British Columbia, Technical Safety BC, inspects only 20% of installations that it is notified about, and has been using a risk-based approach for about 15 years. At the time of our audit, the ESA was in the process of implementing a new risk-based inspection approach that would both focus on high-risk installations and reduce the number of inspections.

In our follow-up, we found that the ESA fully implemented a risk-based inspection approach in 2020 and has been inspecting installations notified based on

their risk. The ESA's system is programmed to identify higher-risk installations by considering a number of factors such as the past performance of the licensed electrical contractor, the location and complexity of the installations, as well as other factors.

- *set a target for the reduction of low-risk inspections and publicly report on its performance against this target;*

Status: Fully implemented.

Details

In our 2020 audit, we found that the ESA's objective was to reduce its overall inspection rate from 67% to 57%, by reducing the inspection of low-risk notifications.

In our follow-up, we found that the ESA had established a target of 20% to inspect low-risk installations and it also reduced its overall inspection rate from 67% to 54%. Although the overall inspection rate has been reduced to 54%, the inspection rate of low-risk notification is still above its established target of 20%. The ESA informed us that according to its current business rules, even some low-risk installations require inspections. For example, wiring a new house is a low-risk installation; however, the ESA's current business practice requires its inspectors to visit the house at least once before it is occupied. The ESA has implemented a process to continually monitor the inspection rate for each of its risk categories (low, medium and high) and these inspection rates will guide the ESA to revisit the business rules and recommend adjustments to assist in reaching the target of 20%. We also found that the ESA started to report publicly on its performance against the target for each category on its website, effective October 2022.

- *wherever possible without jeopardizing public electrical safety, conduct its inspections remotely.*

Status: Fully implemented.

Details

We found in our 2020 audit that almost all the inspections were done by in-person observations, a much less efficient inspection method for more straightforward

installations. Organizations similar to the ESA in British Columbia, Alberta, Manitoba and the Northwest Territories have for years been using photos and videos to inspect some installations (some for as long as 10 years). We also found that the ESA could significantly reduce the \$4 million it currently pays to operate the 310 vehicles its inspectors use by doing remote inspections.

In our follow-up, we found that the ESA put in place processes to facilitate remote inspections and performed approximately 20,000 remote inspections between April 1, 2021 and August 31, 2021. At the start of each day, the computer system sends each inspector a list of the notifications that they can visit that day, with each being risk rated. The inspector has the option to conduct the inspection in-person or remotely depending on the complexity of the installation and other factors. Photographs and videos received as part of remote inspections are saved in a central repository. The ESA is also in the process of collecting information from remote inspections to further refine its remote inspection process.

Recommendation 2

To enable the resources of the Electrical Safety Authority (ESA) to be used effectively and efficiently to improve public electrical safety, we recommend that the ESA:

- *review the fees the ESA charges for homeowner installation inspections with an aim to maintain public compliance with electrical safety laws;*
Status: Fully implemented.
- *revisit the fee model as a whole to identify where fees can be reduced;*
Status: Fully implemented.

Details

We found in our 2020 audit that the ESA charges high inspection fees for its highest-risk installations, which are the ones done by homeowners themselves. According to our expert, installations done by homeowners, as opposed to those completed by experienced contractors, have a higher likelihood of being done incorrectly and being unsafe. Our audit found that the ESA's inspection fees for these installations are higher and,

in some cases, more than double what contractors are charged for the same inspection. This can discourage homeowners from requesting an inspection and defeats the ESA's objective of improving public safety.

In our follow-up, we found that the ESA completed a review of its fee schedule to identify where fees can be reduced. The ESA reduced the fee for inspecting installations related to residential renovations, which is the highest type of installation notified by the homeowner, by 34% from \$189 to \$124. Similarly, the ESA also reduced a number of fees related to some common installations notified by licensed electrical contractors. The ESA also undertook a jurisdictional review to compare the licensing fees it charges its registrants, as well as the inspection fees it charges both licensed electrical contractors and homeowners for some common electrical installations such as kitchen renovations, bathroom renovations, and new wiring of houses. The ESA's fees for both licensing and inspection, on average, were lower in comparison to British Columbia and Alberta.

- *identify and implement changes to streamline its operations and reduce operational costs.*

Status: Fully implemented.

Details

In 2015, the Ministry hired a consultant to look for cost savings and efficiencies at eight delegated authorities that it oversaw. The consultant found that the ESA was the delegated authority with the highest amount of expenditures, mostly due to its large unionized workforce with high salaries. Specifically, the consultant found that in 2013, of the eight delegated authorities, the ESA had the highest number of full-time staff (445) and, while it collected the highest total fees (about \$94 million), it also had the greatest expenses, mostly attributable to salaries and benefits. In our audit in 2020, we found that the ESA is still the most costly delegated authority, with \$113.8 million in expenses, based on the 2018/19 fiscal year financial statements.

In our follow-up, we found that the ESA took a number of initiatives to reduce its operating costs. In an effort to reduce the travel and meal expenditure, the ESA revised its policy on meal reimbursement to more

closely align with the Ontario government's Travel and Meals Expense Directive. The ESA also implemented a formal process to conduct remote inspections, thus reducing travel costs. In addition, with the use of remote work options and flexible office arrangements, facilities and office administrative costs have also been reduced. The ESA has been leveraging technology for conducting meetings instead of booking external sites, where appropriate.

Recommendation 3

To enable the resources of the Electrical Safety Authority (ESA) to be used more effectively and efficiently to improve public electrical safety, and to avoid any perceived or actual conflict of interest, we recommend that the ESA:

- *negotiate with the union representing inspectors to more closely align its reimbursement policy with the Ontario government's Travel and Meal Reimbursement Directive to allow for meal reimbursements;*

Status: Little or no progress.

Details

We found in our 2020 audit that, the ESA allows its inspectors to claim daily lunch expenses when they are in the field conducting inspections regardless of where they work and the distance travelled in the day. We noted that inspectors that work for two other delegated authorities are not allowed to claim lunches when travelling within their assigned region.

In our follow-up, we found that the ESA had not made progress toward implementing this recommendation as meal reimbursement is part of the collective agreement. The ESA informed us that the next round of bargaining negotiations will take place in 2023. The ESA will be working with the union on a review of the reimbursement policies.

- *as soon as possible provide its inspectors with additional guidance on reasonability of meal expenses;*

Status: Fully implemented.

- *disallow any reimbursements for meals inspectors have with licensed electrical contractors.*

Status: Fully implemented.

Details

Our 2020 audit found that the ESA does not follow the Ontario government's meal reimbursement policy which caps lunch reimbursements at \$12.50 (including tax and gratuities). Instead ESA's meal policy allowed its inspectors to spend any "reasonable and appropriate" amount, at their discretion. Our analysis indicated that about 80% of approximately 40,000 lunch reimbursements in the 2019/20 fiscal year exceeded \$12.50. We noted that inspectors spent an average of \$20 for each lunch, totalling about \$1.3 million, or about \$4,800 per inspector. We also found that some inspectors claimed lunches for contactors whom they inspected and others for celebratory group inspector meals.

In our follow-up, we found that effective February 2021, ESA staff is no longer permitted to purchase meals for members of the stakeholder communities ESA regulates, including licensed electrical contractors. ESA's revised policy requires each ESA employee pay for, and claim their own meal on a separate receipt to allow ESA to accurately track the average costs of meals for employees. Through tracking, the ESA was able to determine that the average cost per inspector lunch expensed is \$15.70. Supervisors are provided with a monthly average meal expenses report for each employee for review.

Recommendation 4

To demonstrate and confirm that the Electrical Safety Authority (ESA) operates economically while improving public electrical safety, we recommend that the ESA implement the changes needed to follow all the requirements of the Ontario Government's Procurement Directive as soon as possible.

Status: Fully implemented.

Details

In our 2020 audit, we found that, in 2014, the Ministry's internal auditors reviewed ESA's compliance with the Ontario Public Sector's procurement policies and found that the ESA did not fully comply with them. Almost six years later, we found that the ESA still has not developed the required guidelines on how

to manage consultants and does not complete the required performance evaluations for its consultants.

In our follow-up, we found that, in March 2021, the ESA updated its procurement policies to include guidelines for evaluating procurement proposals, completing vendor performance evaluations, and documenting issues that arise when services are obtained.

Inspections

Recommendation 5

To improve the public electrical safety inspection process and confirm that Electrical Safety Authority (ESA) inspectors are checking installations in accordance with its new risk-based inspection policy, we recommend that the ESA:

- *put controls in place to ensure inspectors are not over-inspecting simple installations and under-inspecting more complex installations;*

Status: Fully implemented.

Details

In our 2020 audit, we found that the ESA inspected too many simple electrical installations instead of inspecting higher-risk and more complex installations. The ESA classified 483,000 of the 860,000 notifications it received between 2015 and 2019 as simple installations. As such, inspectors were required to inspect only 14% (68,000) of them, but in fact inspected 113,000. In other words, ESA inspectors completed 45,000 more inspections than required. In doing so, resources and time were unnecessarily expended on simple installations that could have gone toward more complex installations.

In our follow-up, we found that the ESA implemented a new risk-based inspection program in 2020 to ensure its inspectors are inspecting an installation notified based on its risk. The ESA's system is programmed to identify higher-risk installations by considering a number of factors such as the past performance of the licensed electrical contractor, the location and complexity of the installations. Visit rate targets were established for each risk rating, and are monitored monthly by management. A number of management

reports are created to allow ESA to monitor the rate at which high-, medium- and low-risk rated sites are physically inspected.

- *stop issuing certificates of inspection for installations that require a site visit but are not inspected.*

Status: Fully implemented.

Details

In our 2020 audit, we found that the inspectors were issuing Certificates of Inspection for some installations without physically visiting the site and doing a visual inspection. In our review of inspection files between the 2014/15 and 2018/19 fiscal years, we found that the ESA issued certificates of inspections for about 133,000 uninspected installations (or for 11% of the about 1.2 million installations it was notified of) that required at least one site visit according to the ESA. The ESA collected about \$17 million in total fees for these unvisited installations.

In our follow-up, we found that the ESA revised its business process to stop issuing certificates of inspection for installations that are not inspected. According to the new process, for the installations that the ESA deems to be low risk and are not physically inspected, ESA issues a Certificate of Acceptance instead of issuing a Certificate of Inspection. A number of management reports have been created to allow ESA to monitor high- and medium-risk facilities that are receiving the required number of physical inspections before issuing the Certificate of Inspection.

Recommendation 6

To help maintain public electrical safety by conducting thorough and consistent inspections of electrical installations, we recommend that the Electrical Safety Authority (ESA):

- *change its inspection scheduling process to ensure that its inspectors are given the time needed to properly conduct all assigned inspections, and reduce the number of rescheduled inspections required that result from cancellations;*

Status: In the process of being implemented by December 2023.

Details

In our 2020 audit, we found that the ESA does not consider if its inspectors are being assigned too many inspections and if they have the time to complete them. Between the 2010/11 and 2019/20 fiscal years, the average number of inspections assigned per year to each inspector increased by 15%, from about 1,850 to 2,120. We also found that inspectors do not show up for 13% of inspections assigned to them.

In our follow-up, we found that the ESA was in the process of conducting a study to determine the level of the risk-rated work an inspector can complete in a day. In order to conduct the study, the ESA was in the process of confirming that the standard time stamps used by the inspectors are accurate. Results of the study will be used to create a new resource model that will enable ESA to design a scheduling regime where inspectors can complete the assigned work in accordance with the new inspection process. The ESA is expected to fully implement a new scheduling model by the end of 2023.

- *notify people if their scheduled inspections are cancelled.*

Status: In the process of being implemented by December 2022.

Details

We found in our 2020 audit, that the ESA does not inform contractors and homeowners waiting for an inspector that their inspection has been cancelled. It is up to the contractor or homeowner to reschedule their inspection, for which they have already paid.

In our follow-up, we found that the ESA was in the process of configuring its system to enable the inspectors to notify applicants electronically via text or email about changes to inspections. As per the current process, a message can be sent to customers informing them of a two-hour time window for the inspection or that the inspector is on their way. However, the ESA has not started using the functionality to notify customers of cancelled inspections. At the time of our follow-up work, the ESA was in the process of adapting this function so the system can send an electronic notification automatically when an inspection is cancelled by the

inspector. The ESA informed us that this function will be fully implemented by December 2022.

Recommendation 7

To help maintain public electrical safety through thorough and consistent inspections of electrical installations, we recommend that the Electrical Safety Authority:

- *develop inspection standards and checklists as soon as possible;*

Status: Fully implemented.

- *make its inspection standards and checklists publicly available;*

Status: Fully implemented.

Details

In our 2020 audit, we found that while ESA inspectors follow an inspection checklist for general inspections, the ESA has not developed such a checklist for its regular and periodic inspections, which account for more than 90% of total inspections. Our expert told us that if the ESA had inspection checklists and made them publicly available, contractors and homeowners would better understand the inspection process and what inspectors look for, which in turn would help them put in installations safely in the first place.

In our follow-up, we found that the ESA has developed checklists for most common installations. It also updated its website to make these checklists publicly available.

- *establish a monitoring process to ensure that the new inspection standards are being followed.*

Status: Fully implemented.

Details

We found in our 2020 audit that Technical Safety BC inspectors use checklists to perform their electrical inspections. These checklists are built into the system inspectors use to document their inspection results. By having a standardized checklist available and integrated into the system, the ESA can ensure proper documentation and inspections standards are followed.

In our follow-up, we found that, to ensure inspection standards are being followed, the ESA established

an ongoing review process of employee adherence to the inspection checklist and standards as part of periodic performance discussions. To make sure these discussions are taking place, the ESA also developed a metric in its departmental scorecard. The metric requires at least 95% of inspectors to have a documented review of performance against inspection standards completed by the end of each fiscal year.

Recommendation 8

To protect the public from fire, electrocution and other possible harm from unsafe installations, we recommend that the Electrical Safety Authority:

- *establish one clear policy on when follow-up must be conducted, addressing both regular and periodic inspections;*
Status: Fully implemented.
- *test its computer systems for correct functioning, and accurate processing and display of all inspection information;*
Status: Fully implemented.
- *monitor that inspectors are doing follow-up inspections within the set timelines and that unsafe installations are fixed within the required time.*
Status: Fully implemented.

Details

In our 2020 audit, our review of all of the 11,722 open inspection files on unsafe installations found that 30% (3,449) had not been followed up on within the required time frame. When we further analyzed the 3,449 files, we found that 80% (2,764) were periodic inspections, with 40% (1,105) having been open (unresolved) for more than two years and some open for as long as 10 years. We also found that the ESA had two policies for when inspectors are supposed to follow up on unsafe installations found during periodic inspections. One of the policies requires follow up within one year, while the other policy gives inspectors discretion over the length of time. In addition, the computer system was also not displaying all the inspections its inspectors were supposed to follow up on. As a

result, some unresolved inspections spanned as long as 10 years.

In our follow-up, we found that the ESA established a new policy to inform its inspectors when follow-up inspection must be completed. According to the new policy that came into effect in April 2021, customers, businesses, homeowners, and licensed electrical contractors are all required to fix electrical deficiencies as soon as possible. High-risk defects that pose a serious/immediate risk are followed up in 14 days or less. Medium and low-risk defects are followed up within 90 days after the defect is written. If the defects are still not corrected after 90 days, the Senior Inspector is to determine the next course of action. We also found that the ESA implemented a corrective action to resolve the computer issues so that ESA inspectors are able to see all outstanding defects. To ensure follow-up inspections are conducted in accordance with the established time frame, the ESA developed a new report to indicate the percentage of defects cleared within its established timeline. This report is reviewed on a monthly basis.

Recommendation 9

To enhance public electrical safety, we recommend that the Electrical Safety Authority (ESA) verify that industrial facilities that switch from periodic to regular inspections are notifying the ESA of all of their electrical installations.

Status: Fully implemented.

Details

Our audit in 2020 found that 11 of the 12 companies that switched from periodic inspection to regular inspection reported a much lower number of installations than when they were periodically inspected. Industrial facilities that are on periodic inspection are required to record each installation in a log. The ESA will then periodically (usually once a year) visit such facilities and inspect a sample of the logged installations. Companies that are on periodic inspection can switch back to regular inspections at their discretion. If they do, they are required to notify the ESA of every installation put in. We found that the ESA was not

monitoring companies that switch back to regular inspections are complying with this requirement.

In our follow-up, we found that the ESA implemented a new process in April 2021 to monitor if facilities are taking out electrical permits after they have switched from periodic inspection to regular inspections. According to the new process, within six months after switching from periodic inspection to regular inspections, the ESA compares the notification history to the expected work activity and decides if the facilities are complying. The facilities that switch from periodic inspection to regular inspections are monitored for a period up to one year.

Recommendation 10

To enhance public electrical safety, we recommend that the Electrical Safety Authority (ESA) promptly act to implement all of the action items from the consultant reviews of the ESA's oversight of local distribution companies (distributors) that have not yet been implemented.

Status: Fully implemented.

Details

In our 2020 audit, we found that the ESA had paid a consultant \$26,000 to review its oversight of distributors for the period from 2012 to 2016. The consultant completed the review in June 2018 and provided the ESA with 76 specific suggestions on how to fix deficiencies found in the oversight process. Nine months later, in March 2019, the ESA paid \$34,000 to another consultant to review and prioritize the 76 action items, which were rolled into 54 action items. In May 2020, we reviewed the ESA's progress in implementing the 54 action items and found that 22, or 41%, of them had not yet been implemented, including the following:

- The ESA does not require distributors to submit any evidence that non-compliances, including unsafe installations found by its inspections, were fixed.
- The ESA does not consistently collect information on serious electrical incidents that distributors must report to the ESA within 48 hours. Information such as a description of the incident, the nature of the incident, the possible

cause of the incident, the incident date and time, and when the incident was reported to the ESA is not being collected and documented.

- The annual declaration of compliance received by the ESA was not always signed by the appropriate person with the required signing authority.
- The ESA does not have inspection standards, and some of the inspections are poorly documented.

In our follow-up, we found that the ESA fully implemented the remaining 22 recommendations. The ESA has developed accident reporting guidelines to assist local distribution companies (distributors) in reporting serious accidents. The ESA also implemented an online reporting system. Effective September 2022, distributors are able to report the serious electrical incidents through the ESA website. The ESA also revised its annual declaration of compliance form to ensure it is signed by an appropriate person. In addition, the ESA also implemented new inspection standards and policies to ensure inspections are conducted consistently. Further, non-compliances found by the inspections are also followed up to ensure they are fixed.

Non-mandatory Inspections

Recommendation 11

To ensure regulatory inspections are not negatively impacted by general inspection services that are not required by law, we recommend that:

- *the Ministry of Government and Consumer Services assess the appropriateness of the Electrical Safety Authority conducting general inspection services to the public and stop them immediately if it finds this is inappropriate;*

Status: Fully implemented.

Details

In our 2020 audit, we found that the ESA favours general inspections over regular inspections, which ESA is responsible for by law. General inspections can be performed by any licensed electrical contractor, and the ESA is not required by its regulatory responsibilities to perform such inspections. We also found that when

the ESA competes with services that are also offered by contractors, there is a risk that the ESA is using its authority as a regulator to create an unfair business advantage. This is not in line with the requirements set out in ESA's administrative agreement with the Ministry, which states that the ESA should not use its authority as a regulator to undertake work that creates an unfair business advantage.

In our follow-up, we found that the Ministry worked with the ESA to assess the appropriateness of the ESA's general inspection program. The ESA, together with stakeholder groups, had completed an analysis of its general inspections program to provide advice to the Ministry on how services should be provided in the future. It was determined that general inspection services were better suited to being provided solely by licensed electrical contractors. As a result of this analysis, the ESA proposed that it discontinue offering the general inspection services to the public, and the Ministry reviewed the proposal and accepted ESA's recommendation. As such, effective April 2022, ESA had discontinued offering its general inspection services.

- *the Electrical Safety Authority follow up on any instances of non-compliance with the Ontario Electrical Safety Code in a timely manner, if general inspection services continue to be offered to the public.*

Status: No longer applicable.

Details

We found in our 2020 audit that ESA inspectors are not required to follow up and check to see if unsafe installations found during its general inspections, even those that are high risk, are ever fixed. Instead, all general inspection files are automatically closed and archived 60 days from the date of the inspection. Our analysis of all of the 3,580 archived general inspection files from the 2018/19 fiscal year identified that just over 15%, or 556, of the inspection files had been found to be unsafe by the ESA, including three that posed a serious risk of fire and/or electrocution.

In our follow-up, we found that the ESA had followed up on and cleared instances of non-compliances found from its general inspections. Additionally, ESA

has discontinued offering general inspection services to the public as of April 2022.

Illegal Electrical Installations

Recommendation 12

To improve compliance with electrical safety laws and reduce the number of illegal electrical installations, we recommend that the Ministry of Government and Consumer Services together with the Electrical Safety Authority and industry stakeholders:

- *reassess the current restrictions in Ontario where electrical work for the public can only be conducted by licensed electrical contractors to determine if other arrangements are possible for certified electricians and master electricians;*

Status: In the process of being implemented by December 2022.

- *determine whether certified electricians or master electricians can be allowed to perform lower-risk installation work.*

Status: In the process of being implemented by December 2022.

Details

In our 2020 audit, we found that only ESA-licensed electrical contractors can offer electrical services to the public; certified and master electricians cannot. We also found that the law that prohibits certified electricians and master electricians from offering their services to the public is one of the contributing factors to the widespread problem of illegal electrical installations. The expert from our 2020 audit informed us that to supplement their income from performing electrical work through a licensed electrical contractor, many certified electricians and master electricians do illegal installations directly, instead of through a licensed electrical contractor as required by law.

In our follow-up, we found that the ESA had completed a review of its current licensing framework, including conducting jurisdictional research, and consulting with stakeholder groups to seek feedback on lower-risk categories of electrical work, and to evaluate

whether this work could be performed by certified and/or master electricians. Based on the review, the ESA concluded that electrical work, even lower-risk electrical work, should not be performed by certified electricians or master electricians, unless they are working under a licensed electrical contractor, as it believes it will create a larger risk to public safety and will encourage more illegal electrical work, and recommends that the licensing framework remain as is. The final decision on how to proceed based on the ESA's recommendation will be determined by the Ministry.

- *We also recommend the ESA in consultation with industry stakeholders review and establish reasonable licensing and inspection fees to address the illegal electrical installation market.*

Status: Fully implemented.

Details

In our 2020 audit, we found that it is also illegal for anyone to do any electrical installation without notifying the ESA. However, it costs much less for the public to do electrical work when the ESA is not notified, as individuals performing work illegally avoid costs of licensing with the ESA, as well as the ESA inspection fees, which allows them to offer more competitive prices. We found that some licensed contractors are also willing to contravene the law and perform electrical installations for a lower price if the ESA is not notified.

In our follow-up, we found that the ESA conducted a jurisdictional review of its current licensing and inspection fee framework, comparing the fees that it charges both licensed electrical contractors and homeowners with those of British Columbia and Alberta. The review included comparing the licensing fees it charges its registrants for new registration and licence renewal, as well as the inspection fees it charges both licensed electrical contractors and homeowners for its most common renovation work, including kitchen renovations, bathroom renovations, and new wiring for homes. The ESA found that both its licensing fees and its inspection fees were lower in comparison to these jurisdictions. In addition, with the implementation of its Risk Based Oversight program, the ESA has reduced

the inspection fees it charges both licensed electrical contractors and homeowners for its main renovation categories, including residential and commercial renovations. For example, the ESA inspection fee charged for residential renovation work conducted by homeowners decreased by 34%, from \$189 to \$124.

Recommendation 13

To reduce the occurrence of illegal electrical installations, we recommend that the Ministry of Government and Consumer Services together with the Electrical Safety Authority work with municipalities to determine whether the ESA inspections can be incorporated into the building permit assessment process.

Status: In the process of being implemented by November 2022.

Details

In our 2020 audit, we found that there is little incentive for homeowners to ensure that electrical installation services obtained are inspected by the ESA, because ESA inspections are not considered by insurance companies that offer home insurance, as well as municipalities that issue permits for renovation work. We contacted five Municipal Chief Building Officials, who told us that during the building permit approval process for home renovation work, they do not check if those taking out building permits have notified the ESA of their electrical installations, nor do they require proof of the ESA inspection when they do a municipal inspection of the completed renovation.

In our follow-up, we found that the Ministry and the ESA have had discussions with the Ministry of Municipal Affairs and Housing (MMAH) and select municipalities to gain an understanding of the building permit process, and to identify potential approaches of linking both the building permit and electrical inspections processes to limit illegal electrical installations. The Ministry and ESA had also conducted jurisdictional research on building code and electrical legislation and regulations across Canada, to determine if requirements exist to link electrical inspections with their building permit processes. The ESA will submit a final report and recommendation on assessing how ESA

inspections could be incorporated with the building permit assessment process for Ministry consideration in November 2022.

Recommendation 14

To enhance public awareness about the risks associated with hiring unlicensed electrical contractors, we recommend that the Electrical Safety Authority:

- *re-evaluate its approach to public awareness campaigns to better inform the public on the risks of hiring an unlicensed contractor;*

Status: Fully implemented.

Details

In our 2020 audit, we found that since 2015, the ESA has spent \$2.3 million on public awareness campaigns specifically targeting the risks of not hiring a licensed electrical contractor. However, surveys conducted by the ESA over the last five years (2015–2020) found that a majority (80%) of homeowners had not seen, heard or read anything advertised or publicized about electrical safety, or the Electrical Safety Authority.

In our follow-up, we found that the ESA hired a third party to review, analyze, and make recommendations regarding ESA's communication strategies and campaigns to both registrants and consumers over the last five years, as well as undertake a survey to measure the impact of its current campaigns for homeowners. A set of recommendations was provided to the ESA as a result of this review on how its communication strategies should be approached, including recommending that ESA leverage its existing communication and campaign platforms over longer periods of time, conduct more frequent campaign measurement research to collect more data from the public and better utilize ESA's website and various social media platforms to amplify campaign materials. As a result of this review and its recommendations, a new Communications Campaign Integrated Plan was developed that will be executed by ESA throughout fiscal 2022–2024. The plan highlights the areas and content that the ESA should focus its awareness campaigns on, including identifying the differences between licensed electrical contractors, master electricians and certified

electricians, and the risks of hiring unlicensed contractors; the various audience targets they should direct their messaging toward; and the means in which their content should be distributed, including using paid advertising through social media platforms, and owned campaign platforms such as the ESA's website.

- *educate the public on the differences between a certified electrician, master electrician, and a licensed electrical contractor.*

Status: Fully implemented.

Details

We found in our 2020 audit that the same surveys conducted by the ESA over the last five years (2015–2020) found that, on average, almost half (46%) of homeowners surveyed each year did not know that it is illegal for certified electricians to offer installation services, and that only licensed contractors should be hired to do that work. The ESA has not undertaken any public awareness campaigns to inform the public of this specific risk as well.

In our follow-up, we found that the ESA utilized the third-party provider to conduct a survey of homeowners to assess their awareness and level of knowledge on the differences between a certified electrician, master electrician and licensed electrical contractor, and the results were then used to assess and modify ESA's consumer awareness campaigns accordingly. The survey indicated that while some consumers have heard of certified electricians, master electricians and licensed electrical contracting businesses individually, a great majority of them were unaware of the differences between them. As such, the ESA focused its consumer awareness efforts toward educating homeowners on what certified electricians, master electricians and licensed electrical contractors are, and highlighting the key differences between them and their oversight. This included updating its own web page to highlight this information, digitally advertising through social media platforms, publishing community newspaper articles, and working with another third-party provider to post electrical safety videos.

Licensing Electrical Contractors and Master Electricians

Recommendation 15

To significantly reduce widespread illegal electrical installations, we recommend that:

- *the Ministry of Government and Consumer Services enable the Electrical Safety Authority (ESA) to directly issue monetary fines;*

Status: In the process of being implemented by January 2023.

Details

In our 2020 audit, we found that while ESA investigators are given the power to investigate, execute search warrants, and compel evidence, the ESA does not have the power to directly issue monetary fines to anyone. Having the power to issue fines will allow the ESA to more efficiently target illegal installations without going through lengthy court proceedings.

In our follow-up, we found that the Ministry, supported by jurisdictional research and stakeholder consultation, implemented legislative amendments and is developing the associated regulatory framework that would allow the ESA to issue administrative monetary penalties. The Ministry has drafted regulations which contain the details of the ESA's proposed monetary penalty regime. These draft regulations are subject to government planning, decision-making, and approval, which is expected to be completed by January 2023. A transition plan will be implemented by ESA to provide time for impacted stakeholders to be made aware of the new requirements.

- *the ESA dedicate sufficient resources to review and follow up on all reported cases of illegal electrical installations.*

Status: Fully implemented.

Details

In our 2020 audit, we found that the ESA primarily relies on its inspectors to identify illegal electrical installations. However, we noted that just over 80%, or 168, of 205 inspectors whom we surveyed, indicated that they do not have the time during their workday to

look out for offenders. Furthermore, almost half (45%, or 93) of 205 surveyed inspectors said that the ESA's current process to stop and prevent illegal installations is ineffective.

In our follow-up, we found that the ESA's licensing department conducted a review of its oversight and enforcement processes to determine a systematic approach for reviewing and following up on illegal installations, and identifying gaps in ESA's current processes of doing so. This included reviewing and assessing the licensing department's resources and staffing levels, to ensure that the ESA is dedicating sufficient resources to review and follow up on cases of illegal electrical installations. As a result, the ESA improved its enforcement processes so that it follows up on all reports of illegal electrical activity as soon as the ESA is notified. The licensing department also added two customer service representatives to support the review and processing of all reports of illegal electrical installations to ensure follow up is done by the ESA on a timely basis.

Recommendation 16

To strengthen its Master Electrician licensing process, we recommend that the Electrical Safety Authority more frequently update the Master Electrician exam with new questions.

Status: Fully implemented.

Details

In our 2020 audit, we found that the ESA does not have a sufficient number of questions in its question banks to produce enough unique exam offerings for its Master Electrician exam. When we compared four exams, two offered in 2015 and two offered in 2018, we found that on average, 40% (32 out of 80) of the questions from the 2015 exams also appeared in the 2018 exams. We also found that since 2016, there have been over 250 repeat writers who have on average attempted the exam two to three times.

In our follow-up, we found that the ESA engaged an external third-party consultant to review its current question bank of 192 questions, and to review the overall framework of the exam, including reviewing the type and form of exam the ESA offers, any security

and cheating risks that can potentially occur, and the overall difficulty of the exam and its questions. In addition, the ESA formed a working group, consisting of the ESA staff and master electricians to undergo development training on question writing, who then produced 214 additional questions for the master electrician exam, bringing the total in the question bank to 406 questions. In addition, the exam bank questions will be reviewed and updated by the ESA in alignment with each new updated Ontario Electrical Safety Code going forward, being once every three years.

Recommendation 17

To enhance public electrical safety, we recommend that the Electrical Safety Authority work together with the Ministry of Government and Consumer Services to:

- *implement a continuing-education requirement as a condition of master electrician licensing;*

Status: In the process of being implemented by April 2023.

Details

In our 2020 audit, we found that while ESA updates the Ontario Electrical Safety Code every three years, the ESA does not require that master electricians complete any mandatory training to stay on top of its changes to the Ontario Code. In 2017, the ESA asked the Ministry to make continuing education for electricians mandatory, but the Ministry could not move forward because the ESA had not provided any evidence, analysis or stakeholder consultation to support its request.

In our follow-up, we found that the Ministry and ESA are working collaboratively together to consider continuing education requirements for master electricians, including undertaking jurisdictional research of various continuing education models, and holding consultations open to all master electricians and licensed electrical contractors, and stakeholder groups, in the province to obtain their feedback on potential continuing education requirements. The ESA had submitted a draft proposal on a continuing education model to the Ministry, proposing a hybrid continuing education model where both the ESA and third parties deliver compulsory courses, and that the ESA oversees the

accreditation of these third parties. Subject to stable availability of accessible courses provided by third parties, the intention is to eventually transition into a full third-party delivery of the courses over time, with the ESA only developing the curriculum requirements and overseeing accreditation of third-party providers. The ESA also proposed that the requirement to take mandatory continuing education be once every three years for all licensed master electricians. The Ministry conducted stakeholder consultation to obtain input on the proposed continuing education model. The Ministry is currently developing a proposal for government decision-making, including a proposed regulatory framework that considers stakeholder input received, as well as the proposal submitted by the ESA. A transition plan will be implemented by ESA to provide time for impacted licencees to be made aware of the new requirements.

- *work with the body that oversees the certification of electricians to discuss implementing a requirement for continuing education.*

Status: In the process of being implemented by March 2023.

Details

In our 2020 audit, we found that the Ontario College of Trades, the authority that oversees certified electricians, does not have any continuing education requirements for certified electricians as well.

In our follow-up, we found that the Ministry has conducted preliminary discussions with the Ministry of Labour, Immigration, Training and Skills Development (formerly the Ministry of Labour, Training and Skills Development), who oversees Skilled Trades Ontario (formerly the Ontario College of Trades) and the certification of electricians, to discuss implementing continuing education for certified electricians. The Ministry will continue to work with the ESA and the Ministry of Labour, Immigration, Training and Skills Development to share the feedback received from stakeholders during public consultations, which includes relevant feedback relating to certified electricians, to support the Ministry of Labour, Immigration, Training and Skills Development in

working with Skilled Trades Ontario to implement this recommendation.

Electrical Product Safety

Recommendation 18

In light of the wide availability of uncertified electrical products online, the Ministry of Government and Consumer Services, together with the Electrical Safety Authority and industry stakeholders, should review the current electrical product safety regulation and accordingly, adapt it to the current online market environment.

Status: In the process of being implemented by December 2025.

Details

In our 2020 audit, we found that uncertified electrical products are widely available for sale. Many products bought online are directly shipped to buyers from overseas and may not have undergone the electrical safety tests that are required in Ontario. The ESA told us that it is limited in the activities it can undertake as part of the Regulation 438/07 and due to resource constraints, resulting in reactive action as a result of specific complaints.

In our follow-up, we found that the Ministry was in the process of conducting research for potential legislative and regulatory changes. In 2021, a Product Safety Regulation Review Task Force was established to seek input and develop recommendations for changes to the Product Safety Regulations and to provide a framework for future product safety activities. The Task Force was comprised of 20 industry representatives including federal and provincial regulators, retailers, manufacturers, certification agencies and accreditation bodies. Feedback on potential approaches to product safety from the Task Force was provided to the Ministry in January 2022. The Ministry also took steps to conduct research to examine the frequency online retailers in Ontario provide certification information of electrical products sold online and the degree of ease in verifying a product's safety certification. The research concluded that there is complexity around verifying the certification of products for consumers as a result

of inconsistent tracking and reporting. The Ministry is in the process of developing a policy paper with options for a new framework in consultation with the ESA. This is the first phase of a multi-phased initiative. The first phase is expected to be completed by late 2023. The Ministry anticipates future phases of work will include broad public consultations and potential regulatory amendments for government consideration.

Recommendation 19

To enhance electrical safety, we recommend that the Electrical Safety Authority:

- *conduct a review, and develop and implement a plan to target the sale and use of unsafe electrical products in Ontario;*
Status: Fully implemented.
- *dedicate sufficient resources to review and follow up on all reported cases of unsafe electrical products being sold in Ontario.*
Status: Fully implemented.

Details

In our 2020 audit, we found investigations of uncertified electrical products were not effective. In our review of a sample of reports of uncertified electrical products, we found that files were closed with no action for 22% of reports we reviewed because the ESA was unable to contact the seller or manufacturer. In 31% of reports, the ESA closed the file after the seller said they stopped selling the product but the ESA made no effort to verify this through an inspection. In another 24% of reports, the seller or manufacturer sent a confirmation to the ESA that a product had been certified but the ESA did not check the authenticity of the label directly with the certification agency.

In our follow-up, we found that the ESA conducted a review and developed a product safety plan for the ESA to anticipate, understand and mitigate electrical product-related harms to improve safety. In implementing the product safety plan, the ESA introduced process documents to better clarify steps that should be taken before closing a file when investigating uncertified electrical products. The ESA also established a

process for monitoring online platforms to determine if uncertified electrical products are available for sale in Ontario. In addition, the ESA developed a process to collect and analyze data from a range of sources to identify and manage product safety risks. In 2021, the ESA added three full-time staff to its product safety team to support the workload.

Public Access to Electrical Safety Information

Recommendation 20

To be more responsive to the public in providing timely information on electrical safety, we recommend that the Electrical Safety Authority:

- *train staff to respond accurately and completely to all calls with technical questions and assign a sufficient number of employees to this responsibility;*

Status: Fully implemented.

Details

In our 2020 audit, we found that ESA employees who handle calls from the public are not trained to answer technical questions about electrical safety. Instead, they forward the calls to inspectors, but only if the caller has already paid for an ESA inspection; otherwise, the questions are not answered. About 50% of the inspectors we surveyed told us that they do not have time to respond to the forwarded calls.

In our follow-up, we found that the ESA launched a new page on its website in September 2021 dedicated to providing answers to frequently asked technical questions about the Ontario Electrical Safety Code. The page also has an option for the public to submit technical questions online. ESA employees that handle calls were trained to direct callers that have technical questions to submit questions through its website. ESA assigned one employee with technical expertise to answer all incoming questions.

- *review its policy to increase disclosure of information to callers about licensed electrical contractors' past performance and licence status;*

Status: Fully implemented.

Details

We found in our 2020 audit that some people call into the ESA to find out if their electrical contractor is in good standing. When we listened to a sample of live calls, we found that the ESA staff would not let callers know that their contractor's licence had temporarily been suspended and/or that the contractor had completed unsafe installations in the past.

In our follow-up, we found that the ESA reviewed its policy on disclosing information to callers and created a procedural document to clarify what should or should not be disclosed about licence holders and the rationale. The document outlines that if an electrical contractor's licence is suspended, expired, or revoked, this information should be disclosed to callers.

- *review the disclosure provided with respect to licensed entities by Technical Safety BC, and work with stakeholders to identify categories of additional information to be publicly disclosed on licensed electrical contractors.*

Status: Fully implemented.

Details

We found in our 2020 audit that Technical Safety BC publicly discloses essential information useful to the public on its website (such as performance history of contractors and inspection checklists). In contrast, the ESA does not publish this information on its online contractor directory.

In our follow-up, we found that the ESA conducted a review of information that Technical Safety BC publishes on its website and identified opportunities to expand its own information disclosure on its contractor directory. For example, if conditions are imposed on a licence holder for not notifying the ESA of electrical work or failing to request an ESA inspection, this information can be publicly disclosed. Additionally, ESA will be updating its contractor directory to include these additional categories of information.

Recommendation 21

To provide Ontarians with complete and transparent information about the state of electrical safety in Ontario, we recommend that the Electrical Safety Authority

annually report the results of its investigations of electrical safety incidents, its operational information and complete product safety information after it has been reviewed for accuracy.

Status: Fully implemented.

Details

In our 2020 audit, we found that ESA does not disclose the results of its investigations of electrical safety incidents and its operational information. For example, although the ESA determined the cause of 75% (672) of the 895 electrical safety incidents, it has not included this information in its Safety Report. The ESA also does not include in its Safety Report any of its own inspection results, such as the most frequent Code violations. Further, we found that the ESA's Safety Report did not include complete information on uncertified electrical products found during inspections. ESA inspectors report these products to the ESA's product safety department.

In our follow-up, we found that the ESA released an updated 2020 Safety Report in September 2021 to include information about its review of electrical safety incidents including how the incident occurred and the cause. The ESA also released an updated 2020 annual report in July 2021 to include more information on its inspection results including the most frequent code violations found and the pass rate of inspections. Both the Safety Report and annual report include data on product safety reports received from inspectors as well as other sources. Additionally, in its 2021 Safety Report, released in September 2022, the ESA provided a breakdown of fatalities and injuries associated with product safety incidents. Its 2022 annual report, released in July 2022, included more information about how product safety incidents are categorized by risk including factors such as product approval status, use environment, likelihood of materialization of a serious negative effect and severity of potential impact.

Recommendation 22

To support the Electrical Safety Authority (ESA) in representing the interests of consumers, we recommend that the ESA replace the CEO Board position with a member

position representing the interests of consumers.

Status: Fully implemented.

Details

In our 2020 audit, we found that the ESA Board did not have members representing consumers' interests. The bylaws which specify how many members must come from specific industries was silent on having anyone represent the interests of consumers. Furthermore, we also found that the bylaws allowed the ESA's CEO to be a Board member with full voting rights. Although the current CEO has never exercised his voting right, doing so could create a potential conflict of interest given that the Board is responsible for overseeing the CEO and approving the CEO's compensation.

In our follow-up, we found that the ESA's Board revised its bylaw to replace the Board position held by the CEO with a member representing the interests of consumers. The ESA's Letters Patent has been also amended to remove the requirement to appoint the CEO as one of the 12 Board members. A new Board member representing consumers' interests was appointed, for a term of three years, effective December 3, 2021.

Recommendation 23

To demonstrate a transparent Board appointment process, we recommend that the Electrical Safety Authority (ESA):

- *establish a documentation and recordkeeping process for the appointment of new Board members;*
Status: Fully implemented.
- *establish a process to ensure Board members are independent from the ESA's management;*
Status: Fully implemented.

Details

We found in our 2020 audit that the ESA was not able to provide us with interview notes or completed score sheets to support the appointment of all of the current Board members. When we reviewed Board members' applications, we found that one Board member indicated that they are known to many ESA staff including

the CEO. We found that given that the Board is tasked with overseeing the CEO's performance, current Board members should be independent, and without any pre-existing familiarity with the CEO.

In our follow-up, we found that the ESA's Board adopted a new process to screen and appoint new Board members on March 11, 2021. According to the new process, a candidate must declare any conflicts of interest, including those that could result in a lack of independence from ESA's management, during the application process. In addition, all members of the nomination committee must take notes and complete score sheets. The completed documents are then to be sent to the Corporate Secretary for recordkeeping purposes.

- *publicly disclose the salaries of all its Board members.*

Status: Fully implemented.

Details

In our 2020 audit, we also noted that Board members' attendance at meetings and compensation are not being publicly disclosed. In comparison, Technical Safety BC does publicly disclose this information in its annual report.

In our follow-up, we found that the ESA Board approved the posting of Board member compensation. As a result, the ESA published Board of Directors compensation for 2021 on its website. The ESA plans to publish this information every year.

Recommendation 24

To ensure that Electrical Safety Authority (ESA)'s non-mandatory services are not interfering with its responsibilities under Part VIII of the Electricity Act, 1998 and the Safety and Consumer Statutes Administration Act, 1996, we recommend that the ESA work with the Ministry of Government and Consumer Services to more precisely define and agree on the scope and level of review work that is required to be performed when engaging a third-party consultant.

Status: Fully implemented.

Details

In our 2020 audit, we found that the ESA's administrative agreement with the Ministry, that was signed in 2013, requires the ESA to hire an external consultant to periodically verify that its additional work (general inspections, electrical safety training, and the certification of electrical products) is not interfering with the ESA's mandated responsibilities, and to make the consultant's findings public. We found that the first review did not take place until October 2019, where the consultant concluded that the additional work was not interfering with the ESA's mandated responsibilities. However, our review of the report found that the ESA did not properly set the scope of work with the consultant, which resulted in some important information not being assessed. This included not reviewing ESA's inspection schedule to determine how much time was taken up by general inspections, and the impact this had on the ESA inspectors' mandated responsibilities. This also included not assessing if the ESA's expenditures were being appropriately allocated between its regulated and non-mandatory services to ensure fees earned from mandated responsibilities were not being used to cover the operating costs of its additional work.

In our follow-up, we found that the ESA, in collaboration with the Ministry, completed a review of the criteria used when engaging in a third-party review of its non-regulatory business activities. Based on the ESA's assessment of the criteria, the ESA added new criteria to be part of future-third party reviews, to ensure that the ESA's non-mandatory services are not interfering with its mandated responsibilities. These included the following:

- review the ESA's cost allocation process to ensure the ESA's expenses are being appropriately allocated between regulated and non-regulated services; and
- review and assess that regulatory lines of business are not cross-subsidizing non-regulatory lines of business in total.

Because the ESA is no longer providing general inspection services to the public as of April 2022, any criteria relating to general inspections are no longer applicable when engaging in a third-party review. The Ministry

reviewed the ESA's assessment, and supported the ESA's proposed approach and additional measures when engaging a third-party review of its non-regulated activities.

Recommendation 25

To confirm that the Electrical Safety Authority (ESA) is meeting its mandate to improve public electrical safety in a cost-effective way, we recommend that the Ministry of Government and Consumer Services:

- *establish outcome measures and performance targets for the ESA that focus on cost efficiency and safety improvement in the electricity sector;*
Status: In the process of being implemented by March 2023.
- *on a regular basis, assess the ESA's performance against these targets;*
Status: In the process of being implemented by March 2023.
- *take corrective actions when the ESA does not achieve the targets.*
Status: In the process of being implemented by March 2023.

Details

In our 2020 audit, we found that the Ministry has not set or used meaningful operational performance metrics to ensure that the ESA is operating effectively and in a cost-efficient way to carry out its responsibilities under Part VIII of the *Electricity Act, 1998* and the *Safety and Consumer Statutes Administration Act, 1996* (the Acts). The Ministry's review is limited to the number of calls the ESA receives and the number of inspections it conducts each year to measure the ESA's operational performance. However, these numbers alone cannot be used to assess how well the ESA is managing its operations.

In our follow-up, we found that the Ministry worked with the ESA to develop outcome measures and performance targets to focus on cost efficiency and safety improvement in the electricity sector. This included the Ministry completing a jurisdiction scan of similar regulators, such as the Bereavement Authority of

Ontario, the Condominium Authority of Ontario, and the Ontario Motor Vehicle Industry Council, and creating a working group with the ESA, to develop outcome measures focused on cost efficiency and public safety. As a result, the Ministry set new measures to assess the ESA's operational performance against, including:

- reducing combined critical injuries and electrical fatalities by 10% over a five-year rolling average;
- increasing the Organizational Excellence Index by 10% over five years;
- maintaining a stakeholder accountability score of 8.2 out of 10 over five years; and
- maintaining a contractor satisfaction rate of an average of 8.0 out of 10 over five years.

The Ministry told us that it plans to develop a percentage target measure of the number of high- and medium-risk notifications to be inspected by the ESA for the 2022/23 fiscal year and the ESA will use the current year to benchmark inspection volumes and determine appropriate targets accordingly. The Ministry plans to continue to work with the ESA to develop additional measures as needed. The Ministry committed to conducting a yearly assessment to evaluate the ESA's performance against its targets as part of its oversight activities. In addition, the Ministry revised the administrative agreement to include provisions which require the ESA to report to the Ministry any variances identified where the ESA does not meet its performance targets, with rationale for why the target was not met. The Ministry may also require the ESA to develop an action plan with a root-cause analysis for instances where performance targets are not met.