

Chapter 2

Section 2.03

Ministry of Public and Business Service Delivery

Follow-Up on *October 2019 Special Report*:

Tarion Warranty Corporation

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		Fully Implemented	In the Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable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 5	1	1				
Recommendation 6	3		2	1		
Recommendation 7	2	2				
Recommendation 9	1			1		
Recommendation 14	1	1				
Recommendation 17	1	1				
Recommendation 18	2			2		
Recommendation 21	3	2	1			
Recommendation 22	1			1		
Recommendation 25	3	3				
Total	18	10	3	5	0	0
%	100	55	17	28	0	0

Note: This table includes only those recommended actions that were not documented as fully implemented in our 2021 follow-up report.

Overall Conclusion

In our *2019 Special Audit of the Tarion Warranty Corporation* (Tarion), we made 32 recommendations, consisting of 76 action items, to address our audit findings. In 2021, we conducted a follow-up on our recommendations. This follow-up report can be found in **Chapter 2, Section 2.01** of our *2021 Annual Report*. As of November 16, 2021, 86% of the recommended actions that were specifically directed to Tarion had been fully implemented, and 29% of the recommended

actions directed to the Ministry of Public and Business Service Delivery (Ministry), formerly the Ministry of Government and Consumer Services, had been fully implemented. Combined, Tarion and the Ministry had fully implemented 76% of the actions we recommended in our 2019 Special Report. Tarion and the Ministry had made progress in implementing an additional 17% of the recommended actions, and had made little progress in implementing 7% of the recommended actions. At the time of our 2021 follow-up, 18 action items from 10 recommendations had not been fully implemented. In 2023, we conducted a second

follow-up on these 18 recommended actions. The status of actions taken on each of these recommendations is described in this report.

As of October 27, 2023, Tarion, the Ministry and the Home Construction Regulatory Authority (HCRA) have fully implemented 55% of the 18 recommended actions that were outstanding since our last follow-up in 2021. Progress has been made in implementing an additional 17% of the recommended actions.

For example, Tarion has developed a process whereby builders are expected to provide an extension of the warranty for items reported as unfinished or missing when a home has met the minimum occupancy standard and the homebuyer has taken possession. Tarion has also ensured that the one-year warranty coverage begins only after the items are finished. In addition, in February 2023, HCRA was given the regulatory authority to issue fines directly to any individuals and/or corporations found to have engaged in illegal home construction. Also, the Ministry has implemented a process to collect, track and analyze information from Tarion.

However, little progress has been made on 28% of the 18 recommended actions that were outstanding since our last follow-up in 2021. For Tarion, this includes reducing the amount of time provided to builders to resolve defects before stepping in to help homeowners. The Ministry and the HCRA have also made little progress on imposing restrictions on the owner-built exemption to reduce illegal building in Ontario, such as those in place in British Columbia. As of October 27, 2023, cumulatively, Tarion, HCRA, and the Ministry have fully implemented 68 of the 76 recommended actions (90%) from our 2019 Special Audit of the Tarion Warranty Corporation. This includes:

- 52 of 55 recommended actions (95%) fully implemented by Tarion;
- six of seven recommended actions (86%) fully implemented by HCRA; and
- 10 of 14 recommended actions (71%) fully implemented by the Ministry.

Background

In 1976, the Ontario government named Tarion Warranty Corporation (Tarion) as the not-for-profit body responsible for administering the *Ontario New Home Warranties Act (Act)*. The Ministry of Public and Business Service Delivery (Ministry) oversees Tarion.

When it was created, Tarion was responsible for licensing homebuilders and promoting their compliance with the Act to ensure homebuilders honour their warranties on materials and workmanship in new homes. Beginning on February 1, 2021, the Ontario government designated the Home Construction Regulatory Authority (HCRA) as the body responsible for licensing homebuilders.

In 2022, about 73,400 (69,000 in 2020) new homes were enrolled with Tarion and 6,691 (5,795 in 2020) homebuilders were licensed by HCRA. Tarion promotes compliance by Ontario's licensed homebuilders with their statutory builders' warranty obligations on new homes (a total of about 392,600 at the end of 2022). Tarion does not offer warranties; however, it helps resolve warranty disputes and provides financial aid to homeowners or arranges for repairs when it determines that builders failed to honour a warranty or declared bankruptcy.

In 2022, Tarion received about 65,000 (68,000 in 2020) requests for help, most of which were resolved with no direct intervention by Tarion, and Tarion paid out \$36.4 million (\$23 million in 2020) to about 1,500 (800 in 2020) homeowners. Tarion receives its revenues from enrolment fees and investment income on its Guarantee Fund. With the creation of the HCRA, Tarion stopped collecting licensing fees, decreased its average enrolment fee by \$55 and began collecting a \$145 plus Harmonized Sales Tax (HST) regulatory oversight fee for every home enrolled on behalf of the HCRA. Historically, the regulatory oversight fee that Tarion collected was remitted back to HCRA on a weekly basis. However, Tarion stopped collecting that

fee on behalf of the HCRA beginning on May 1, 2023 (the HCRA now collects the fee). Tarion's annual expenditures for 2022 were about \$91.6 million (\$61 million in 2020), while HCRA's were about \$11.3 million in fiscal year 2022/23. Tarion is overseen by a 12-member board of directors and employs about 350 people. HCRA is overseen by a nine-member board of directors and employs about 75 people.

In our 2019 audit, we found that some Tarion processes were difficult for homeowners to navigate, resulting in the denial of thousands of requests for help, and that the Ontario Home Builders' Association had disproportionate influence over Tarion. In addition, the 2019 audit found that laws meant to deter illegal homebuilding were largely ineffective. From 2009 to 2018, Tarion had paid homeowners about \$19.8 million to cover the cost of warranty repairs on 869 illegally built homes.

Other 2019 significant audit findings include:

- In about 65% of the 6,485 requests that Tarion assessed from 2014 to 2018, Tarion found that the builder should have fixed the defects under warranty but did not.
- Between 2014 and 2018, Tarion refused assistance on about 9,700 requests because the homeowners had missed their 30-day deadlines, many by a single day. Homeowners may ask Tarion for help with defects in their homes covered by a one-year warranty by submitting a form only in the first 30 days or the last 30 days of the first year of occupancy, unless it is an emergency. By missing the first 30-day deadline the homeowner is still eligible for the builder's warranty coverage, but Tarion will not help the homeowner by holding the builder accountable.
- Builders who refused to honour some of their warranties, causing Tarion to pay out compensation to homeowners, were able to renew their licences. Until 2012, Tarion's policy was to renew builders' licences regardless of the fact

that the builders had put up homes with major structural defects. Some builders whose licences were revoked returned legally to the industry by creating a new company or partnering with an existing one.

- Tarion's online Ontario Builder Directory was missing data about some builders' poor warranty records, Building Code violations and convictions for illegally building homes, and its own investigations into complaints.
- Tarion licensed builders after homeowners alleged that they acted dishonestly and broke the law. As of June 30, 2019, Tarion had a backlog of 41 complaints about builders' dishonest conduct that it had not investigated, all of which were outstanding for more than six months. Five of the allegations were flagged as very serious, but Tarion had yet to investigate or forward them to the appropriate bodies.
- Tarion's call centre fields about 90,000 calls a year. In a sample of 50 calls recorded between February 1, 2019, and March 31, 2019, we found that in 14% of cases, Tarion's response to caller questions was inaccurate and/or not helpful.
- Tarion based security deposits it collects from builders on outdated information (for example, home values that were lower than the homes' current values), while paying out claims based on current values. Over 10 years, it recovered only about 30% of the \$127 million in claim payouts it made from its Guarantee Fund.
- The information Tarion communicates about its role could lead some to believe that it, rather than builders, provides the warranty. Thus, it is not always clear to homeowners that they can submit warranty claims to their builders.
- Tarion's senior management was rewarded for increasing profits and minimizing financial aid paid to homeowners.

Standing Committee on Public Accounts

On November 27, 2019, the Standing Committee on Public Accounts (Committee) held a public hearing on our 2019 audit of Tarion Warranty Corporation. In February 2021, the Committee tabled a report on this hearing in the Legislature. The Committee endorsed our findings and recommendations, and made 18 additional recommendations. The Ministry of Public and Business Service Delivery (Ministry) reported back to the Committee on June 22, 2021. In 2021, we conducted a follow-up on the Committee's recommendations. This follow-up report can be found in **Chapter 3, Section 3.06** of our *2021 Annual Report*. As of November 16, 2021, 67% of the Committee's recommended actions had been fully implemented, 18% of the recommended actions were in the process of being implemented and there was little or no progress on 11% of the recommended actions. In addition, 4% of the recommended actions were no longer applicable. In 2023, we conducted a second follow-up on the Committee's recommended actions that were not fully implemented as of November 16, 2021. Our follow-up on the Committee's recommended actions that were not fully implemented is found in **Chapter 3, Section 3.05** of our *2023 Annual Report*.

Status of Actions Taken on Recommendations

We conducted assurance work between March 2023 and October 2023. We obtained written representation from Tarion, HCRA and the Ministry that effective November 20, 2023, they had provided us with a complete update of the status of the recommended actions that were not documented as fully implemented in our 2021 follow-up report.

Importance of Homebuyers Understanding the Pre-Delivery Home Inspection Process

Recommendation 5

To better protect homeowners who take occupancy of an unfinished house so that they retain their full and reasonable warranty rights, we recommend that Tarion Warranty Corporation address the issue of warranty coverage beginning before a house is finished by:

- *developing a warranty that will protect homebuyers for unfinished items in their homes once the home has met the minimum occupancy standard, and ensuring that the one-year warranty coverage begins only after the items are finished.*

Status: Fully implemented.

Details

In our 2019 audit, we found that Tarion's use of the Ontario Building Code's definition of a finished house/condominium (home) effectively diminished homeowners' warranty rights by potentially shortening the warranty coverage period. During this period, builders have the right to initiate their warranty coverage as of the time a house meets the Ontario Building Code's minimum occupancy requirements, which only requires that limited plumbing fixtures be complete and operational. Once the minimum occupancy requirements are met, a builder can require a homebuyer to take possession of a house, and thus, some builders could shorten their warranty coverage period by the amount of time it takes them to complete any outstanding work after the day they require the homebuyer to take possession of the unfinished house. During our 2019 audit, Tarion told us that it had no official policy to ask builders to extend the warranty for uninstalled items.

In our follow-up, we found that beginning on March 1, 2023, Tarion required builders to provide a new one-year extension of the warranty for items reported as missing or not installed as of the date a homebuyer takes possession of their home. The

warranty for missing items starts on the date the builder installs the missing item. This extension of the warranty applies to items identified on warranty forms submitted by homebuyers after March 1, 2023. The builder is expected to provide the extension of the one-year warranty; however, it is not required by law. Tarion informed us that regulatory changes are expected by the end of 2024. In the interim, Tarion has developed a process to mediate complaints against builders that do not provide homebuyers with this new coverage.

Recommendation 6

To improve homeowners' ability to seek assistance from Tarion Warranty Corporation when they have a warranty dispute with their builder, we recommend that Tarion:

- remove its two 30-day deadlines and allow homeowners to submit requests for assistance at any time during the first year of ownership;
- eliminate the 30-day deadline to request a home inspection;

Status: In the process of being implemented by May 2024.

Details

In our 2019 audit, we found that the restrictions Tarion placed on the times when homeowners could ask for its help in a warranty dispute with builders made it more difficult for homeowners to seek that help. Homeowners could only ask Tarion for help during the first 30 days and last 30 days of the first year they occupied their new home. In addition, homeowners had a 30-day window to request an inspection from Tarion.

In our follow-up, we found that Tarion completed public consultations in September 2022 on proposed regulatory changes under the *Ontario New Home Warranties Plan Act* to:

- allow homeowners to add items to a running list of potential defects at any time during the first-year warranty period;
- extend the two 30-day deadlines to add an additional 10 days to each deadline (now two 40-day deadlines);

- create a new mid-year submission deadline to allow homeowners to submit requests for assistance six months into the first year of occupancy; and
- remove the 30-day deadline to request a home inspection, and instead allow homeowners to request an inspection for each submission from the time it is submitted up until the next submission date.

These changes would allow homeowners to submit items at any time during the first year of occupancy, and no items submitted during the first year would be rejected for missing a deadline. These changes would also give homeowners more time to request a home inspection. At the time of our follow-up, these regulatory changes have been made and are in the process of being implemented. Tarion informed us that these regulatory changes come into effect in May 2024.

- reduce the amount of time provided to builders to resolve defects before stepping in to help homeowners.

Status: Little or no progress.

Details

In our 2019 audit, we found that when Tarion received a request for help from a homeowner, Tarion gave the builder 120 days to resolve the issues directly with the homeowner. As a result, homeowners had to wait a minimum of four months before they could ask Tarion for an inspection to assess the unresolved defects. When Tarion accepted a homeowner's second request for assistance, it sent another email to the builder asking it to resolve the dispute within 30 days. If not resolved after 30 days, Tarion may inspect the disputed defects and decide within yet another 30 days whether the builder should have repaired the defects under warranty.

In our follow-up, we found that Tarion deferred consultation on possible changes to the builder repair period until 2024. Consultations were deferred because Tarion received feedback from the industry that COVID-19-related disruptions were impacting repair periods. Tarion could not provide us with an estimated date of implementation.

Recommendation 7

To resolve homeowners' disputes with their builders in a timely manner, we recommend that Tarion Warranty Corporation:

- *review its regulatory timelines for delivery of decisions to ensure they are reasonable;*

Status: Fully implemented.

Details

In our 2019 audit, we found that a regulation under the *Ontario New Home Warranties Plan Act* requires Tarion to decide whether a disputed defect is covered by the builder's warranty within a 30-day period that begins the day after the homeowner has made a request for an inspection. We found that Tarion was late making this 30-day decision in about 45% of the warranty disputes it handled in the previous five years, where on average, it took Tarion about 50 days to issue its decision to homeowners in those cases where it had missed its deadline. This further extended the wait for homeowners for their builders to fulfill their warranty obligations.

In our follow-up, we found that regulatory changes made under the *Ontario New Home Warranties Plan Act* in June 2023 (effective July 1, 2023) require Tarion to schedule an inspection within 15 days of receiving a homeowner's request. In addition, Tarion is required to issue decisions on disputed defects within 30 days of the inspection being completed, except in exceptional circumstances that may be beyond Tarion's control, for example, if third-party experts need to be brought in to make a final assessment on a disputed defect.

- *establish a process to ensure its decisions regarding homeowners and builders are made within the required time.*

Status: Fully implemented.

Details

In our 2019 audit, we found that Tarion was late making decisions as to whether a disputed defect was covered by a builder's warranty in about 45% of the warranty disputes it handled in the previous five years.

A regulation under the *Ontario New Home Warranties Plan Act* requires Tarion to make this decision within 30 days of a homeowner making a request for an inspection. On average, it took Tarion about 50 days to issue its decision to homeowners in those cases where it had missed this regulatory deadline.

In our follow-up, we found that in July 2023, Tarion had put a process in place for its warranty services department to ensure decisions are made in accordance with the regulatory requirements.

Licensing and Regulating of Builders Needs Improvement

Recommendation 9

To ensure the licensing process of Tarion Warranty Corporation reflects the intent of the Ontario New Home Warranties Plan Act, we recommend that individuals in homebuilding companies who supervise day-to-day construction, either directly or indirectly via their employer, demonstrate they have the proven technical competence necessary for building new homes or be required to take the appropriate educational courses before being granted a licence by Tarion.

Status: Little or no progress.

Details

In our 2019 audit, we found that prior to September 2016, Tarion did not ask licence applicants to complete any courses to demonstrate technical competence in home construction. As such, builders who received their first licence before September 2016 were exempted from this new requirement. Therefore, of the 5,600 builders licensed in Ontario in 2018, only 300 were required to meet the new educational requirement. We also noted that only the directors or owners of construction companies were required to complete the educational requirement introduced in 2016, even though these individuals are not always involved in supervising day-to-day construction. Large builders often employ site supervisors to directly oversee day-to-day construction, but Tarion's educational requirement does not apply to them.

In our follow-up, we found that no steps had been taken since our 2021 follow-up to update the *New Home Construction Licensing Act, 2017* (Act) regulations to address competency requirements for individuals applying for new licences or renewing existing ones. As we reported in our 2021 follow-up, HCRA issues an advisory notice to licensed builders to remind them that they are accountable under the Act for the conduct and competency of their employees and contractors. HCRA informed us that it considered imposing conditions on licences, such as requiring licensees to pay for additional training for their employees or contractors if there is a complaint. HCRA and the Ministry have not considered requiring individuals in homebuilding companies who supervise day-to-day construction to demonstrate that they have the proven technical competence necessary for building new homes, or to require them to take the appropriate educational courses, before companies are granted a licence.

Recommendation 14

To better protect consumers from purchasing pre-construction homes that may later be cancelled and/or delayed by legal restrictions on construction land, we recommend that the Ministry of Government and Consumer Services explore, for potential implementation in Ontario, British Columbia's practice of not allowing builders to market or sell condominium units unless they have already deposited their plans with the land title office or have already obtained a municipal building permit.

Status: Fully implemented.

Details

In our 2019 audit, we found that there were no laws in Ontario requiring builders to have the necessary municipal approvals, such as site plan and zoning approvals, before they are licensed by Tarion. In comparison, builders in British Columbia are not allowed to market or sell condominium units unless they have already deposited certain plans with the land title office or obtained a municipal building permit.

In our follow-up, we found that the Ministry completed an assessment of British Columbia's rules for

the marketing and sale of pre-construction condominium projects. This included consulting between November 2020 and April 2021 with stakeholders from British Columbia, such as the Office of the Superintendent of Real Estate, the Land Title and Survey Authority, the Ministry of Finance (Finance and Real Estate Data Analytics Branch), and the Ministry of the Attorney General (Housing Policy Branch). The Ministry also consulted with the Ontario Ministry of Municipal Affairs and Housing and Tarion. Based on this assessment, the Ministry determined that it would not implement measures similar to those in British Columbia. The Ministry's analysis found that implementing key features of British Columbia's practice in Ontario could negatively impact both housing supply and affordability because it would impose new requirements on builders and vendors, which may make it more difficult to build. The Ministry indicated that it will continue to monitor condominium cancellations to determine whether it should revisit this decision.

Recommendation 17

To help municipalities plan their inspections and improve builders' compliance with the Ontario Building Code, we recommend that Tarion Warranty Corporation report on a timely basis to municipalities all significant instances of builder non-compliance with the Code that it identifies.

Status: Fully implemented.

Details

In our 2019 audit, we found that Tarion does not share Ontario Building Code (Code) violations that are noted as a result of warranty-related home inspections with municipalities, even though this information could help municipalities better plan inspections and target specific builders. Municipal inspectors inspect new home construction and assess compliance with the Ontario Building Code.

In our follow-up, we found that in November 2021, Tarion implemented a process to share with municipal building officials quarterly summaries of claims that are deemed warranted and related to the Ontario Building Code. To receive quarterly summaries, municipal building officials must subscribe by completing a

form on Tarion's website. Once subscribed, the municipal building official receives an email from Tarion that details the warranted Ontario Building Code deficiencies found by Tarion in their municipality. At the time of our follow-up, 139 individuals were subscribed to receive Tarion's quarterly summaries. In addition, on a quarterly basis, Tarion publishes on its website a summary of all claims that are deemed warranted and related to the Ontario Building Code across all municipalities.

Recommendation 18

To improve builders' compliance with the Ontario Building Code, we recommend that the Ministry of Government and Consumer Services:

- *work with the Ministry of Municipal Affairs and Housing to recommend consistent inspection standards for use by all municipalities for assessing compliance with the Ontario Building Code; and*
- *work with the Ministry of Municipal Affairs and Housing to establish a process for municipalities to report on a timely basis to Tarion all significant instances of builder non-compliance with the Code that it identifies during its inspections.*

Status: Little or no progress.

Details

In our 2019 audit, we found that there were limitations in Ontario Building Code (Code) inspections conducted by municipal inspectors, whose role is to inspect new home construction and assess compliance with the Code. For example, some municipalities do not allow inspectors to carry ladders because of safety issues. As a result, certain home components, such as roof attachment or nuts on anchor bolts, may not get inspected as required.

In our follow-up, we found that that no significant steps had been taken to implement this recommendation since our last follow-up in 2021. The Ministry informed us that the Ministry of Municipal Affairs and Housing is working to identify best practices in inspection standards used by municipal building departments.

This information could then be shared with all municipal building departments to promote more consistent inspections and compliance with the Code. The Ministry also told us that the Ministry of Municipal Affairs and Housing is working to identify alternative compliance tools that can be used in significant cases of builder non-compliance that have not been remedied through regular building inspection and compliance processes. Enforcement activities using these new compliance tools could provide a way of reporting significant instances of builder non-compliance to Tarion and HCRA. To further reduce incidents of non-compliance with the Code, the Ministry, working in partnership with associations representing Ontario's builders and building officials, will be developing training and guidance materials for transitioning to the next edition of Ontario's Building Code (anticipated to be released winter 2024) that will promote capacity building for Building Code compliance and the overall goal of maintaining public safety.

Recommendation 21

To discourage illegal home construction in Ontario, we recommend that the Ministry of Government and Consumer Services:

- *provide Tarion Warranty Corporation with the ability to directly fine any individuals and/or corporations found to have engaged in illegal home construction;*
- *establish an appeals process for individuals and/or corporations wishing to dispute the fines imposed by Tarion;*

Status: Fully implemented.

Details

In our 2019 audit, we found that in the past 10 years, Tarion has paid out \$19.8 million to homeowners to cover the cost of warranty repairs on 869 illegally built homes that builders refused to cover. We also found that it is very difficult and time-consuming for Tarion to successfully prosecute an illegal builder through the courts because it is a challenge to gather sufficient evidence to convict them. Even when Tarion

does obtain a successful conviction, an illegal builder usually faces only a small fine, which does not act as a strong deterrent.

In our follow-up, we found that in February 2023, a new regulation under the *New Home Construction and Licensing Act* came into effect that allows HCRA to impose administrative penalties up to \$50,000 per occurrence directly on any individuals and/or corporations that breach their legal and ethical obligations, which includes anyone found to have engaged in illegal home construction. Regulatory changes under the *New Home Construction and Licensing Act* were also made to establish an appeal process through the Licence Appeal Tribunal for any individual and/or corporation wishing to dispute a penalty imposed by HCRA.

- *establish a process by which Tarion can share information about illegal builders to governments for investigation of potential tax evasion.*

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

Details

In our 2019 audit, we found that there are significant financial incentives to build homes illegally. Builders avoid paying Tarion fees and, sometimes, a significant amount of tax, including Harmonized Sales Tax and, under the principal residence capital gains tax exemption, income tax. All of these costs apply to the sales of new homes built and sold by legal builders.

In our follow-up, we found that Tarion is entering into an agreement with the Ministry of Finance (to be in place by the end of December 2023) to share information about illegal builders for investigation of potential tax evasion.

Recommendation 22

To help reduce illegal building in Ontario, we recommend that Tarion Warranty Corporation work with the Ministry of Government and Consumer Services to impose restrictions on the owner-built exemption such as those in place in British Columbia.

Status: Little or no progress.

Details

In our 2019 audit, we found that individuals who build homes for their personal use, rather than for sale, are exempt from having to obtain a licence or to register their home with Tarion. Such properties, called owner-built homes, are not covered by warranty. Our audit found that laws currently in place in Ontario to deter illegal home building and selling, such as the abuse of this personal-use exemption, are largely ineffective. In contrast, British Columbia, which has an owner-built home exemption similar to Ontario, has specific laws designed to prevent individuals from abusing the exemption. For example, owner-builders in British Columbia must live in the personally built home for a minimum of 12 months before they can sell it. They must then wait 18 months from occupancy of their first owner-built home before applying to build a second; three years before applying to build a third; and five years for each subsequent owner-built exemption. Owner-built homes that are sold are not covered by a warranty, but the individual who built the home is personally liable for the warranty coverage for up to 10 years, and this information must be disclosed to the homebuyer.

In our follow-up, we found that that the Ministry consulted in 2022 on measures related to illegal building. At the time of our follow-up, the Ministry was assessing feedback from the consultation and determining next steps. However, a timeline for implementation of this recommendation could not be provided.

Lack of Government Oversight Led to Ongoing Issues Not Being Addressed

Recommendation 25

To ensure Tarion Warranty Corporation meets its mandated responsibilities to help homeowners who seek its help, we recommend that the Ministry of Government and Consumer Services:

- *establish a process to track and analyze information provided by Tarion;*

Status: Fully implemented.

Details

In our 2019 audit, we found that the Ministry could not effectively evaluate whether Tarion was fulfilling its mandate and could not make informed decisions to seek improvements because it did not have effective systems and processes in place to ensure it collected the right information from Tarion.

In our follow-up, we found that the Ministry has implemented a process to collect, track and analyze information received from Tarion. The Ministry created a guide that includes procedures for Ministry staff related to their oversight activities. For example, the Ministry developed process maps that depict the types of analysis that Ministry staff should perform when they receive information from Tarion. The Ministry also created an oversight tracker toolkit to monitor Tarion's progress in meeting its key accountability obligations under both the Act and its administrative agreement with the Ministry. This binding agreement sets out the roles and responsibilities of Tarion and the Ministry and its accountability relationship.

- *establish performance indicators and targets to measure Tarion's performance; and*

- *assess Tarion's performance against these targets on a regular basis and take corrective actions where necessary.*

Status: Fully implemented.

Details

In our 2019 audit, we found that the Ministry did not have any performance indicators to measure the effectiveness of Tarion's efforts to help new homeowners.

In our follow-up, we found that the Ministry has developed performance indicators and targets to monitor Tarion's performance. Tarion reports on the outcomes of these performance indicators in its annual report. Indicators include measuring new homebuyer satisfaction with, and timeliness of, Tarion's services, including its call centre and inspections. In addition, twice a year Tarion issues a report to the Ministry on high- and medium-risk items identified through monitoring of its key performance and risk indicators. When items are identified as high-risk, mitigation efforts are detailed in the report.