

Performance Audit

# Supply Ontario: Management of Personal Protective Equipment

// Independent Auditor's Report



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# 1.0 Audit at a Glance

## // Why We Did This Audit

- Supply Ontario was established to centralize supply chain management and procurement across the provincial government and the broader provincial public sector. It assumed responsibility for the management and operations of the provincial personal protective equipment (PPE) stockpile program on July 31, 2023, and responsibility for the accounting for PPE as of April 1, 2024.
- The COVID-19 pandemic highlighted the need for a robust and well-managed stockpile of PPE to protect Ontarians against infectious diseases. Like many jurisdictions worldwide, Ontario experienced a critical shortage of PPE during the pandemic. In response, the Province established contracts with domestic manufacturers, a policy decision aimed at securing PPE for Ontarians and supporting the local economy.
- Ontario needs a sustainable, long-term approach to maintaining provincial PPE supply, ensuring future preparedness and effective inventory management.

## // What We Found

### Supply Ontario Does Not Have an Integrated Inventory System to Properly Track and Manage the Province's PPE

- Supply Ontario does not have a robust inventory management system that integrates its inventory and cost records, relying instead on multiple sources and manual processes to track inventory, shipments and costs. This fragmented approach creates inefficiencies, data inconsistencies, and delays in real-time inventory and cost reporting. We found similar issues in our audit of the Public Accounts in 2022 and 2023.

#### » Recommendation 1

### The Province Wrote Off \$1.4 Billion of Inventory from 2021/22 to 2024/25

- We found that expired products began to accumulate in the provincial stockpile as some of the products purchased during the pandemic fell short of desired quality standards and were not used. Demand for PPE also declined as the pandemic subsided. Over one billion items in the provincial stockpile, valued at \$1.4 billion, were written off between 2021/22 and 2024/25. Most of the write-offs occurred before the inventory was transferred to Supply Ontario in 2024/25 (refer to **Figure 3**).
- In 2024/25, \$29 million of Supply Ontario's PPE was expired and written off, while the agency spent \$69 million on new PPE purchases. Without measures to increase stockpile usage, this trend is likely to persist as PPE acquired through long-term contracts nears expiry.

#### » Recommendation 3

### Long-Term Contracts Commit Supply Ontario to Purchasing More PPE Than Needed

- During the pandemic, the Province made a policy decision to sign long-term contracts with Ontario manufacturers to secure PPE and reduce reliance on global supply chains. Some contracts included purchase commitments designed to sustain domestic production and support the local economy. At the time, the potential for a decline in demand was not a primary consideration.
- In 2024/25, Supply Ontario continued to buy 188 million surgical masks, fulfilling obligations under contracts the Province entered between October 2020 and April 2021. In 2024/25, it distributed 39 million surgical masks, or 21% of the annual purchase. The contracts commit Supply Ontario to purchasing Level 2 masks, but many health-care sector organizations now source Level 3 masks, which are more protective. These contracts could not be amended on a timely basis to respond to this change.

- Similarly, in 2024/25, Supply Ontario continued to buy 25 million N95 masks under a contract entered by the Province in 2021. In 2024/25, it distributed 5.5 million N95 masks, or 22% of the annual purchase.
- Assuming usage levels are unchanged, we estimate that approximately 376 million surgical masks and 96 million N95 masks, worth approximately \$126 million of taxpayers' money, will expire between 2025/26 and 2030/31. If purchase commitments must be maintained to satisfy the policies of protecting public health and supporting local production, and Supply Ontario does not increase its distribution of PPE, waste will likely continue to occur.

» **Recommendation 3**

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### **Delayed Disposal of Unusable Inventory Adds to the Need for Warehousing and Costs**

- Stockpile inventory was transferred to Supply Ontario on April 1, 2024. This inventory included approximately 688 million units of unusable PPE, including expired, damaged and obsolete items, that remained in warehouses at the end of 2023/24. Supply Ontario disposed of much of this inventory but continued to hold 350 million units of unusable PPE at the end of 2024/25, accounting for 32% of total warehouse inventory and occupying approximately 20% of warehouse space.
- The delayed disposal of these items, primarily due to the time lag in obtaining disposal funding and approval from the Province, has led to inefficient use of storage space and added warehouse costs.

» **Recommendation 4**

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### **Supply Ontario Has Not Pursued Recycling to Lessen the Environmental Impact of PPE Disposal**

- Supply Ontario disposed of over 780 million units of PPE between 2023/24 and 2024/25 at a cost of \$16.8 million. It employed a waste-to-energy approach that incinerates expired PPE and converts the heat into energy. While incineration results in less waste than sending PPE to landfills, it releases pollutants and greenhouse gas emissions into the atmosphere.
- Supply Ontario has explored disposal options but indicated that it did not pursue PPE recycling due to a lack of scalable and cost-effective solutions in the market. We noted that British Columbia had launched a recycling program to handle PPE disposal, aimed at reducing environmental impacts.

» **Recommendation 4**

### Hospitals Accounted for 2% of All PPE Distributed by Supply Ontario in 2023/24, and 3% in 2024/25

- Hospitals are significant and ongoing users of PPE. We found that they account for a disproportionately low amount of Supply Ontario's PPE distribution.
- Supply Ontario faced several challenges in increasing PPE supply to hospitals. In Ontario, hospitals have long relied on private organizations to procure medical supplies, including PPE, through bulk contracts. As of March 31, 2025, about 90% of hospitals obtained PPE from one such private organization. Although Supply Ontario's products met Health Canada standards, they did not always align with hospitals' procurement preferences or requirements.

#### » Recommendation 3

### Supply Ontario's Ability to Understand and Respond to PPE Needs Is Limited

- In 2024/25, long-term care homes received 171 million units of PPE, with a value of \$12.3 million, from Supply Ontario. While they were Supply Ontario's largest client sector, representing 42% of all PPE distributed in 2024/25, the long-term care home operators we interviewed indicated they had limited direct communication with Supply Ontario beyond routine order-related interactions. They told us they lacked clarity on the purpose and future of the PPE stockpile program and had no meaningful opportunities to provide input into the program.
- Hospital officials similarly expressed uncertainty about Supply Ontario's ability to meet their needs. They continue to procure from other sources, even though PPE from the provincial stockpile is provided at no charge. In 2024/25, 3% of the PPE distributed by Supply Ontario went to hospitals.
- Supply Ontario does not regularly collect data from its clients to better understand overall PPE usage, demand, stockpiling practices and supply chain arrangements across the Ontario public sector.

#### » Recommendation 2

### End-to-End Order Times Were Not Measured or Monitored

- Supply Ontario's performance dashboard does not track all stages of order fulfillment, from order placement to delivery. Without a comprehensive measurement of its total order fulfillment time, Supply Ontario's ability to assess whether its process is meeting client needs is limited.

- We found that orders took an average of nine days to fulfill, while the average delivery standard for Canada's major distributors of health-care and medical products is two to four days. Supply Ontario indicated that it does not have a mandate to compete with private sector organizations' order turnaround times. The agency told us it communicated a 10-day turnaround expectation to its clients, but clients we interviewed were unaware of this standard.

### » Recommendation 6

## // Our Conclusion

We concluded that Supply Ontario does not have effective processes and procedures in place to ensure that the provincial stockpile program for PPE was:

- » supported by accurate and complete inventory and financial records for decision-making, reporting and performance management;
- » managed in a cost-effective and efficient manner in accordance with applicable practices, standards or guidelines; and
- » meeting the needs of Ontario public sector entities in a timely and coordinated manner.

Supply Ontario does not have an effective inventory management system in place to report inventory costs on a timely basis and instead relies on inefficient manual processes to report yearly.

Even though Supply Ontario distributes PPE at no cost to clients, its inventory is expiring faster than it is being utilized and is not always being disposed of on a timely basis to minimize warehousing costs in an effective, environmentally sound manner.



Supply Ontario does not have a clear strategy for integrating its PPE into hospitals and other sectors for broader distribution. Information is not regularly collected from public sector entities to inform Supply Ontario's stockpiling program. Instead of following inventory management best practices such as supply and demand forecasting, PPE inventory restocking activities are primarily based on past contractual commitments that are wasteful and costly in the present day.

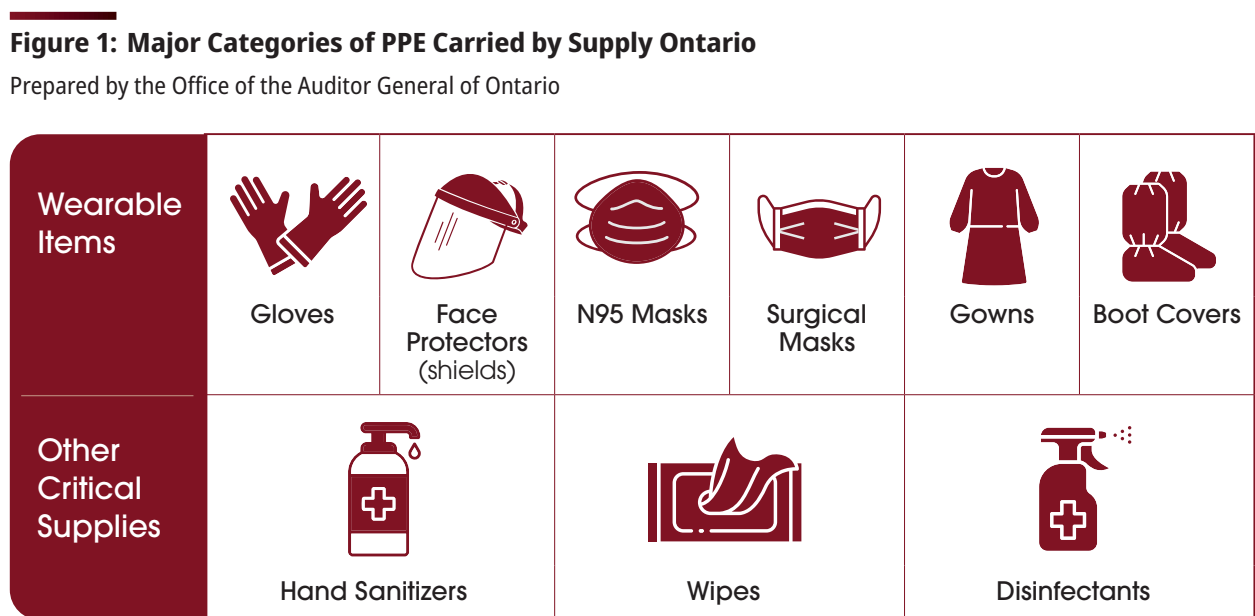
Supply Ontario has agreed with all six of our recommendations.



## 2.0 Background

### 2.1 Overview of the Provincial PPE Stockpile

PPE are wearable items designed to provide a physical barrier against infectious diseases or other hazards. For the purpose of this report, the definition of PPE is broadened to also include critical non-wearable supplies that are essential for infection control. **Figure 1** shows major categories of PPE carried by Supply Ontario and covered in this audit.





## **2.2 Roles and Responsibilities of Provincial PPE Stockpile Management**

### **2.2.1 Ministries**

Before the COVID-19 pandemic, the Ministry of Health (MOH) was responsible for maintaining a provincial PPE stockpile, which was intended as an emergency resource for the health-care sector. Due to years of insufficient maintenance and replenishment, much of the stockpile had expired before COVID-19 first hit the province in January 2020.

As the COVID-19 pandemic rapidly worsened, the demand for PPE grew exponentially. MOH, supported by Ontario Health, University Health Network and other parties, ramped up PPE procurement to meet the rising needs of Ontario's health-care sector. In April 2020, when Ontario entered a state of emergency, the Ministry of Government and Consumer Services, now the Ministry of Public and Business Service Delivery and Procurement (MPBSDP), assumed responsibility for procuring and distributing PPE to non-health-care public sectors, including schools, social services and firefighting departments. From March 2020 to March 2022, the two ministries collectively procured approximately \$2.7 billion of PPE.

In the early stages of the pandemic, the Province prioritized securing any available PPE to support emergency response and protect front-line health-care workers. The unprecedented demand and global supply chain disruptions led to some products purchased falling short of desired quality standards. Beginning in October 2020, the Province entered long-term contracts with local vendors to secure access to PPE and ensure consistent product quality.

After the pandemic, the stockpile management responsibilities, previously shared by MOH and MPBSDP, were consolidated under MPBSDP and later transitioned to Supply Ontario.

## 2.2.2 Supply Ontario

Supply Ontario is a Crown agency established in November 2020 with a mandate to strengthen supply chain management and procurement across the Ontario public sector.

Effective July 31, 2023, the Province transferred the responsibility for managing and operating the provincial PPE stockpile program to Supply Ontario, with ownership and accounting responsibility for the inventory following on April 1, 2024. Supply Ontario was also responsible for managing the vendor of record program, advertising and communications procurement, and supply chain advisory services.

When Supply Ontario took over the PPE stockpile program, it inherited the large inventory, the long-term PPE contracts, and the third-party warehousing and logistics network that the ministries had established during the pandemic. As noted in **Section 2.2.1**, some of these inherited products fell short of desired quality standards due to the emergency situation during the pandemic.

Through the provincial stockpile program, Supply Ontario now provides and distributes PPE to both the health-care and non-health-care public sectors.

## 2.3 Supply Ontario's Operations

Supply Ontario's annual operating expenses increased from about \$10.3 million in 2021/22 to about \$270 million in 2024/25. The increased expenses reflect Supply Ontario's new responsibilities, including management of the provincial PPE stockpile and the subsequent transfer of inventory ownership.

**\$10.3 million**  
annual operating  
expenses in 2021/22

**\$270 million**  
annual operating  
expenses in 2024/25

Under the program, Supply Ontario's mandate is to provide both health-care and non-health-care public sector entities with secure, sustainable and reliable access to PPE supplies.

Its long-term goal is to maintain a robust, centralized program that achieves cost savings and operational efficiencies, while supporting domestic production to enhance supply chain resiliency and support economic development.

As part of its mandate, Supply Ontario is tasked with end-to-end supply chain management, including:

- » supply and demand planning;
- » procurement and purchasing;
- » inventory and warehouse management; and
- » order management and distribution.

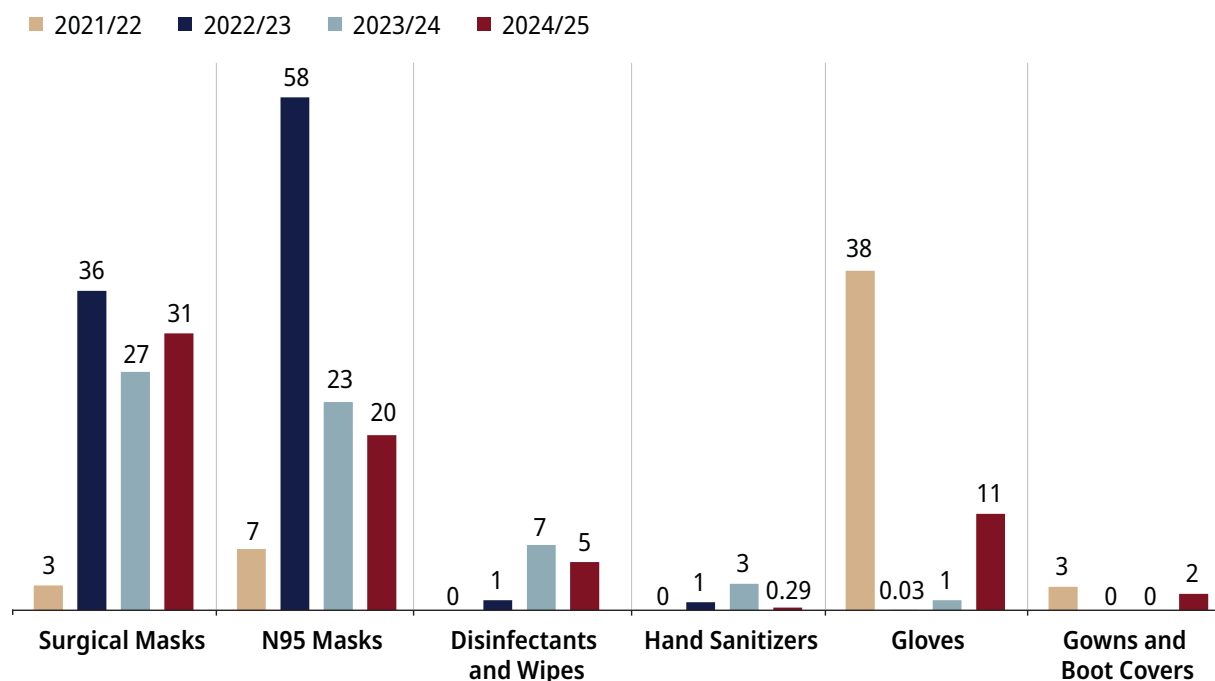
As noted in **Section 2.2.2**, Supply Ontario inherited contracts from the ministries for third-party providers to warehouse the inventory and distribute supplies ordered by public sector entities (clients). The warehousing network was expanded during the COVID-19 pandemic to accommodate the rapid growth in the stockpile. By 2023/24, the program had five warehouse providers and 23 warehouse locations.

After Supply Ontario assumed the inventory, it reduced the network to three providers with 10 warehouse locations by the end of 2024/25. At the time of our audit, Supply Ontario was putting in place a long-term strategy to consolidate inventory operations under a single warehouse vendor.

Supply Ontario now maintains long-term contracts for a variety of commonly used PPE. The program purchased approximately \$278 million of PPE between 2021/22 and 2024/25. **Figure 2** shows the spending by year and product category.

**Figure 2: PPE Purchased for the Provincial Stockpile, by Product Category, 2021/22-2024/25 (\$ million)**

Source of data: Supply Ontario



Note: The figure excludes PPE received from the Government of Canada. Prior to 2024/25, purchases were recorded by the ministries.



## 2.4 Ontario's PPE Supply Landscape

In Ontario, public sector entities have options for sourcing PPE, including:

- » Receiving supplies at no cost through Supply Ontario; or
- » Purchasing them independently, either through local vendor contracts or through agreements arranged by shared services organizations (SSOs) or group purchasing organizations (GPOs).

The use of SSOs and GPOs was well established in the hospital sector before the creation of Supply Ontario. These organizations aggregate purchasing power by pooling demand and negotiating contracts for more competitive pricing. While GPOs primarily focus on contract negotiation, SSOs typically offer broader services such as purchasing, logistics, warehousing, distribution and other administrative functions. As of March 31, 2025, about 90% of Ontario's hospitals obtained PPE and/or other services from one SSO.

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**Supply Ontario aims to centralize access to standard, high-demand PPE across the public sector, which is difficult when its clients are also sourcing PPE through longstanding agreements with third parties**

In other Canadian jurisdictions, it is common for PPE supply chains to be managed exclusively and centrally by a government health agency. For example, Alberta Health Services manages the procurement and distribution of PPE for all the hospitals it operates. Similarly, British Columbia's Provincial Health Services Authority is authorized to procure PPE for hospitals and other approved health-care related entities. Hospitals and other health-care entities in these provinces do not engage with SSOs or GPOs for PPE supplies.

Supply Ontario does not have an exclusive role, as its clients may also source PPE independently. As noted in **Section 2.3**, one of Supply Ontario's long-term goals is to centralize access to standard, high-demand PPE across the public sector, which is difficult when its clients are also sourcing PPE through longstanding agreements with third parties.



## 3.0 Audit Objective and Scope

Our audit objective was to assess whether Supply Ontario has effective processes and procedures in place to ensure that the provincial stockpile program for PPE was:

- » supported by accurate and complete inventory and financial records for decision-making, reporting and performance management;
- » managed in a cost-effective and efficient manner in accordance with applicable practices, standards or guidelines; and
- » meeting the needs of Ontario public sector entities in a timely and coordinated manner.

Our audit scope focused on Supply Ontario's operational activities related to its PPE stockpile management. Specifically, we examined how Supply Ontario managed sufficient inventory to meet the needs of public sector entities; rotated stock to keep the inventory current while minimizing waste due to expiry, obsolescence or damage; delivered ordered products in a timely manner; and measured its performance.

Our audit scope did not include non-PPE supplies (for example, intensive care unit supplies, vaccine ancillary supplies, test kits and ventilation equipment) or other assets that Supply Ontario managed on behalf of other ministries and entities (for example, Emergency Management Ontario). It also excluded medical supplies managed by Ontario Health atHome for the home-care sector, as well as an assessment of the PPE procurement process, such as contract tendering and supplier selection.

For more details, see our **Audit Criteria**, **Audit Approach** and **Audit Opinion**.



## 4.0 What We Found

### 4.1 Inventory Management System

An effective PPE stockpile program requires a reliable inventory system to record, track and value inventories to better manage supply chain needs.

#### 4.1.1 Supply Ontario Does Not Have an Integrated Inventory System to Properly Track and Manage the Province's PPE

A robust inventory management system provides real-time insights into supply and demand, stock levels, purchases and orders, inventory costing, expirations and valuation. An integrated system will enhance overall supply chain performance and efficiency.

Supply Ontario does not have an inventory management system that integrates its inventory and cost records. Records from different sources must be gathered, compiled and consolidated manually to track inventory levels and movements, and to report on accurate inventory values for annual financial statement reporting.

We noted the following examples during our audit:

- » **Inventory quantity records:** As noted in **Section 2.3**, Supply Ontario used multiple warehouse vendors who each maintain inventory quantity records in their own warehouse management systems, separate from each other. To produce consolidated reports of inventory quantities, staff manually compiled daily spreadsheets using files received from those vendors. This labour-intensive process required staff to standardize and align data. For example, they reconciled cases where vendors assigned different codes to the same product.

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**Quantity data on inventory levels and movements are stored in different third-party vendor warehouse management systems, so information must be compiled and reconciled manually**

- » **Inventory financial records:** Supply Ontario maintained PPE purchase data in its financial system, which was transitioned from the Province's financial system in 2024/25. To date, the agency's inventory quantity records and inventory financial records are not linked. As a result, purchase data and cost data must be manually extracted and summarized in spreadsheets for year-end reporting. This process required significant time and effort to determine the year-end value of the PPE.
- » **Ad hoc inventory reporting:** Supply Ontario has limited capacity for customized, ad hoc reports. During our audit, our requests for customized shipment and delivery reports took weeks to produce. We also noted that some reports contained discrepancies or inconsistencies, raising concerns about the reliability of the data. Supply Ontario indicated that the data we requested was not required to be tracked or reported by its warehouse vendors. Supply Ontario also indicated that it was not feasible to amend the existing vendor agreements, which it inherited from the Province, to produce the requested data within a practical time frame.

In our Office's prior audits of the Consolidated Public Accounts of Ontario in 2022 and 2023, we found similar issues that have yet to be resolved:

- » "The Province has been tracking the purchases of provincial PPE for accounting purposes through manual spreadsheets, a process that is prone to human error and can result in inaccuracies."
- » "A significant amount of time and effort was spent by the ministries to quantify and value the PPE to ensure that the PPE was recorded properly."

Since Supply Ontario did not have an inventory management system in place to handle the PPE, the transfer of the management and accounting of PPE from MOH and MPBSDP to Supply Ontario was problematic.

As noted in **Section 2.3**, Supply Ontario was implementing a long-term warehousing strategy to consolidate warehouse operations under a single provider. Supply Ontario indicated that the strategy will enable more efficient reporting and simplify the complex network of third-party logistics contracts and systems transferred from the ministries. The first phase involves migrating all physical inventory into the single provider's warehouses. Inventory quantity records will then be maintained in the provider's warehouse management system.

As of August 2025, when our audit fieldwork ended, the implementation of the strategy was still in progress. Inventory quantity records were still held across multiple vendor systems, and a solution to integrate inventory and cost records to support inventory accounting and valuation remained under assessment.

## ■ Why It Matters

Supply Ontario was given responsibility for inventory management and controls without having an integrated inventory management system in place to track both quantities and costs. It relies on inefficient and often ineffective manual processes to compile and prepare data for the most basic inventory reporting. This may create a challenge for Supply Ontario to manage demand and to quickly react with real-time data on PPE, if there is another surge in need for PPE in the province. This is contrary to Supply Ontario's mandate to manage an efficient and effective supply chain.

### Recommendation 1

We recommend that Supply Ontario:

- complete the warehousing strategy by consolidating inventory quantity records into the single vendor's warehouse management system within the next year;
- integrate the inventory quantity records from the third-party warehousing system into an automated inventory management module in its accounting system; and
- better utilize data from its system to plan, manage and report the PPE levels and begin to report values in the province on a timely basis.

For the auditee responses, see **Recommendations and Auditee Responses**.





## **4.2 Client Engagement and Information Collection**

Strong client engagement and up-to-date information from clients are foundational elements of an effective PPE stockpile program. Supply Ontario does not have a structured approach to communicate and engage with its clients and to collect information from them.

### **4.2.1 Supply Ontario's Ability to Understand and Respond to PPE Needs Is Limited**

#### **Communication and Engagement with Clients Is Inadequate**

Entities in the health-care sector, including hospitals and long-term care homes, are major PPE users. The hospital and long-term care home representatives we interviewed noted that the purpose of the provincial stockpile during the COVID-19 pandemic was to provide them with emergency access to PPE when supplies were severely limited in the market. They told us that, as the pandemic subsided and the PPE supply chain stabilized, the purpose of the current stockpile program managed by Supply Ontario became less clear to them.

In 2024/25, long-term care homes received 171 million units of PPE, with a value of \$12.3 million, from Supply Ontario. While they were Supply Ontario's largest client sector, representing 42% of all PPE distributed in 2024/25, the long-term care home representatives noted that, aside from routine interactions about specific PPE orders, they had no direct communication with Supply Ontario to clarify the purpose of the program, nor opportunities to provide input through meaningful engagement. They expressed uncertainties about:

- » whether the stockpile was intended to serve as their primary supplier or just an emergency backup when PPE supplies were unavailable elsewhere;
- » whether PPE supplies from Supply Ontario would continue indefinitely or end when current stock was depleted; and
- » how the PPE would be prioritized and allocated in the event of future shortages.



The hospital procurement staff we interviewed indicated that they lacked engagement and were not fully informed about Supply Ontario's PPE stockpile program. They did not rely on the stockpile and continued to source PPE primarily through SSOs and GPOs, with whom they had longstanding relationships (see **Section 2.4**), even though there is no charge for PPE from Supply Ontario. In 2024/25, 3% of PPE distributed by Supply Ontario went to hospitals. With approximately 140 hospitals in Ontario, Supply Ontario indicated that identifying the right hospital personnel and maintaining consistent follow-up was challenging, given its current capacity.

We noted that Supply Ontario collaborated with a large SSO to better understand hospitals' PPE usage and took some steps to engage hospitals, such as organizing community-of-practice meetings and participating in SSO membership meetings. Supply Ontario also informed us that it communicated PPE availability to long-term care homes through the Ministry of Long-Term Care and to the broader health-care sector through its participation in annual readiness planning for respiratory virus season. Still, the level of engagement was insufficient based on feedback from long-term care and hospital staff.

### **A Lack of Information About Client Usage and Inventory Practices Hindered Efficient Stockpile Planning**

As noted in **Section 2.4**, Supply Ontario's clients can obtain PPE from various sources. Supply Ontario tracks the quantities of PPE ordered from its provincial stockpile, but it no longer regularly collects information from clients, including about orders placed through other channels. Without this data, Supply Ontario cannot gain an understanding of the overall PPE usage and demand across the Ontario public sector. Supply Ontario does not have information on its clients' stock levels, or the proportion of PPE sourced through Supply Ontario versus other sources.

Supply Ontario stated that it has data sharing agreements with two SSOs, giving it access to PPE usage data related to the SSOs' members, which are mostly hospitals. Supply Ontario has not collected or analyzed this data on a regular basis for long-term planning. The data provides limited insights into PPE usage in the long-term care sector.



### ■ Why It Matters

Direct and consistent communication and engagement with clients is essential to building trust and strong partnerships. This would help Supply Ontario better understand client needs and encourage greater reliance on the provincial stockpile, supporting centralization and reducing waste. While the provincial stockpile is currently overstocked and able to meet demand, it is critical that Supply Ontario regularly collect comprehensive information on PPE usage and supply across the public sector to prepare for emergencies.

### Recommendation 2

We recommend that Supply Ontario:

- develop and implement a communication and engagement plan to raise awareness of the provincial PPE stockpile program and gather input from clients and relevant parties; and
- develop and implement a structured process to identify, collect and analyze critical data from relevant parties, including SSOs and GPOs, to support PPE stockpile planning and decision-making.

For the auditee responses, see **Recommendations and Auditee Responses**.



## 4.3 Managing Inventory Through Stockpile Rotation

### 4.3.1 The Province Wrote Off \$1.4 Billion of Inventory from 2021/22 to 2024/25

As noted in **Section 2.2.1**, unprecedented demand and global supply chain disruptions prompted the Province to rapidly and significantly increase PPE purchases to support emergency response during the COVID-19 pandemic. Our review of inventory records from 2021/22 to 2024/25 found that expired products began to accumulate in the provincial stockpile as some of the products purchased during the pandemic fell short of desired quality standards, so they were not used prior to expiry. Demand for PPE also declined as the pandemic subsided. As shown in **Figure 3**, over one billion items in the provincial stockpile, valued at \$1.4 billion, have been written off as expired, damaged or obsolete from 2021/22 to 2024/25.

**Figure 3: Value of Inventory Written Off in the Provincial Stockpile, 2021/22–2024/25 (\$ million)**

Source of data: Consolidated Public Accounts of Ontario

| Value <sup>1</sup>  | 2021/22 | 2022/23 | 2023/24 | 2024/25 <sup>2</sup> | Total        |
|---|---------|---------|---------|----------------------|--------------|
| Inventory written off due to expiration, damage or obsolescence | 66      | 400     | 906     | 41                   | <b>1,413</b> |

Note: The figure includes items that are not covered in this audit, such as intensive care unit supplies, vaccine ancillary supplies, test kits and ventilation equipment. Write-offs prior to 2024/25 were completed and reflected in preceding ministries' records, before ownership and accounting responsibility for the inventory were transferred to Supply Ontario on April 1, 2024.

1. Value represents the accounting valuation at each year-end, not the original purchase cost of the items.
2. Data for 2024/25 is preliminary and subject to change.

In 2024/25, the first year that Supply Ontario assumed inventory ownership and accounting responsibilities, \$29 million of PPE stockpile items covered in this audit (see **Figure 1**) expired and were written off. That same year, Supply Ontario spent \$69 million on PPE purchases, pointing to gaps in stockpile rotation.

While the expired items were primarily purchased when the PPE stockpile was managed by MOH and MPBSDP, Supply Ontario has been responsible for distribution since it assumed operational ownership of the program on July 31, 2023. Without measures to increase stockpile usage, expiries are likely to persist as PPE items acquired through long-term contracts approach the end of their shelf life (see **Section 4.3.2**). As outlined in **Section 2.3**, Supply Ontario's mandated priorities include centralizing procurement and supply chain management, enhancing supply chain resiliency, and supporting economic development and domestic production. While waste reduction is essential, it is not considered a mandated priority and Supply Ontario has not set it as a long-term goal.

### 4.3.2 Long-Term Contracts Commit Supply Ontario to Purchasing More PPE Than Needed

During the pandemic, the Province signed long-term contracts with Ontario manufacturers to secure PPE and reduce reliance on global supply chains. When Supply Ontario took over the PPE stockpile program, it inherited these contracts. Some of these contracts included longer-term purchase commitments designed to sustain domestic production and support the local economy. We found that purchase commitments for surgical masks and N95 masks now exceed actual demand following a significant drop in demand since the pandemic.



#### Surgical Masks

Between October 2020 and April 2021, the Province entered five-year contracts with four vendors to supply approximately 200 million Level 1 and Level 2 surgical masks annually.

Surgical masks are classified into Levels 1, 2 and 3, based on filtration performance, fluid resistance and breathability standards set by ASTM International. These levels correspond to use in low-, medium- and high-risk settings, respectively.

In 2024/25, Supply Ontario continued to buy 188 million surgical masks, fulfilling obligations under contracts entered by the Province. That year, it distributed only 39 million surgical masks from the stockpile, or 21% of the annual purchase.

This supply no longer aligns with current needs because many health-care sector organizations now use Level 3 masks. While two of the four contracts were amended to respond to this change in demand, Supply Ontario remained obligated to purchase approximately 123 million Level 2 masks in 2025/26 before the last contract expires in April 2026.



### N95 Masks

In April 2021, the Province entered a five-year contract with a vendor to supply 25 million N95 masks annually. In 2024/25, Supply Ontario purchased the annual volume but distributed only 5.5 million N95 masks from the stockpile, or 22% of the annual purchase. The contract’s final year, 2025/26, will see another 25 million N95 masks purchased.

Most hospital and long-term care home representatives we spoke to reported ordering N95 masks from Supply Ontario. The agency distributes only one model of N95 mask, and organizations must have their staff fit tested to ensure a proper seal and safe use for that model. Supply Ontario indicated that it had offered free fit-testing services to its clients, but the availability of these services has been reduced.

Based on 2023/24 and 2024/25 usage levels, and assuming no surge in demand, we estimate that approximately 376 million surgical masks and 96 million N95 masks will expire over the next six years (see **Figure 4**). Using average contract prices, the estimated cost of these expired masks is \$126 million. If purchase commitments must be maintained to satisfy the policies of protecting public health and supporting local production, and Supply Ontario does not increase its distribution of PPE, products will likely continue to expire.

**Figure 4: Forecasted Expiration Trend for Surgical Masks and N95 Masks, 2025/26–2030/31**

Source of data: Supply Ontario

|              | Surgical Masks     | N95 Masks          |
|--------------|--------------------|--------------------|
|              | Quantity (million) | Quantity (million) |
| 2025/26      | 93                 | –                  |
| 2026/27      | 135                | 12                 |
| 2027/28      | 148                | 37                 |
| 2028/29      | –                  | 20                 |
| 2029/30      | –                  | 10                 |
| 2030/31      | –                  | 17                 |
| <b>Total</b> | <b>376</b>         | <b>96</b>          |

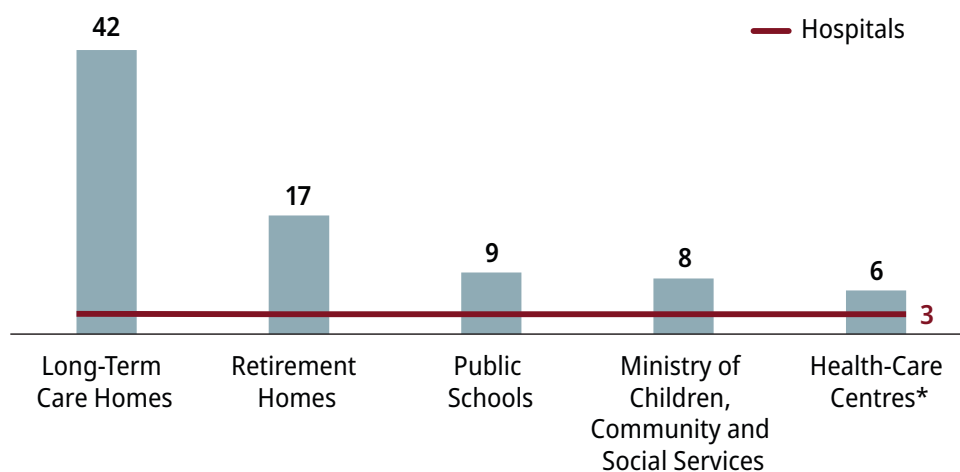
Note: N95 masks purchased under the current contract have a five-year shelf life and are expected to expire between 2026/27 and 2030/31. Surgical masks purchased under the current contract have a two-year shelf life and are expected to expire by 2027/28.

### 4.3.3 Hospitals Accounted for 2% of All PPE Distributed by Supply Ontario in 2023/24, and 3% in 2024/25

The approximately 140 hospitals in Ontario are significant and ongoing users of PPE. We found that hospitals accounted for 2% of all PPE distributed by Supply Ontario in 2023/24 and 3% in 2024/25, which is disproportionately low relative to the sector’s large ongoing demand. As shown in **Figure 5**, our review noted that Supply Ontario’s PPE distribution to hospitals was significantly lower than to its top five client sectors in 2024/25.

**Figure 5: Percentage of PPE Distributed by Supply Ontario to Its Top Five Client Sectors Compared with the Hospital Sector, 2024/25**

Source of data: Supply Ontario



Note: Aside from these top five client sectors and the hospital sector, Supply Ontario also distributed 15% of its PPE to other public sectors, such as correctional services, police services and firefighting departments.

\* Health-care centres include outpatient care providers such as family physicians, optometrists, physiotherapists and chiropractors.

While Supply Ontario recognized the need to increase its distribution to hospitals and set this as one of its business priorities, we noted that it faced challenges integrating into the hospital supply chain. For example:

- » **Established procurement arrangements:** As described in **Section 2.4**, hospitals have long relied on SSOs and GPOs to procure medical supplies, including PPE, through bulk contracts. As noted in **Section 4.3.2**, Supply Ontario has made some progress in integrating N95 masks into hospital supply chains, though full integration has not yet been achieved. Broader integration of other PPE products also remains limited until hospitals’ long-term contractual purchase commitments with SSOs and GPOs expire.

- » **Product alignment:** Although Supply Ontario's products met Health Canada's standards, hospitals may have their own procurement preferences or requirements that do not align with the products offered by Supply Ontario. Supply Ontario indicated that hospitals each have their own internal process for approving products. These processes are out of Supply Ontario's control, making it difficult for Supply Ontario to introduce alternative products to those the hospitals have previously approved.
- » **Limited logistics capabilities:** Supply Ontario lacks the capacity to provide some services that SSOs offer, such as delivering supplies just in time or directly to hospitals on ready-to-use carts. While it uses one SSO partner's logistics network to deliver PPE to some hospitals, similar arrangements are not feasible for hospitals that use other distribution services.

Supply Ontario has not developed a strategy to guide its integration into the hospital and other sectors with clear timelines.

#### 4.3.4 Supply Ontario's Efforts to Minimize Waste by Distributing Short-Dated Products Yielded Limited Results

Supply Ontario aims to distribute products with at least 90 days of shelf life remaining before they expire. To minimize waste, it occasionally distributes products with less than 90 days of shelf life remaining, with the client's consent.

We found that Supply Ontario distributed 2.6 million short-dated PPE items in 2024/25, or about 1% of the 225 million PPE items that expired that year. Since Supply Ontario does not charge for PPE, it cannot offer a discount or any other incentives to encourage clients to take the products before they expire. We also identified other factors that limited Supply Ontario's effectiveness in distributing short-dated products to its clients:

- » **Operational constraints:** Most hospital and long-term care home representatives we spoke with reported difficulty integrating short-dated products into their supply chain within 90 days or less. Several suggested that a lead time of six months would be more practical.
- » **Inconsistent communication:** Supply Ontario does not regularly or systematically inform clients of upcoming expiries. In February 2024, Supply Ontario began distributing information about PPE expiring within 90 days via a partnership with one of the SSOs. However, this information is accessible only to members of the SSO, which are predominantly hospitals. Representatives of long-term care homes reported receiving sporadic emails from Supply Ontario about soon-to-expire products, but noted that communications had not occurred recently at the time of our audit.

- » **Unclear client role:** While hospitals and long-term care homes have substantial needs for PPE, interviewed representatives noted a general lack of communication to inform them about the program, including how they could help use these products and reduce waste (see **Section 4.2.1**).

### ■ Why It Matters

Supply Ontario needs to strengthen its direct communication and engagement with its clients, including hospitals, to build effective partnerships and encourage uptake of the provincial PPE stockpile, which would support more consistent stock turnover and rotation. Without effective stockpile rotation, large quantities of PPE will not be used before they expire. This results in significant waste of public funds on purchasing, warehousing and eventual disposal of these items.

### Recommendation 3

We recommend that Supply Ontario:

- work with MPBSDP to provide a value-for-money analysis, including other considerations (for example, economic development, job creation and Ontario business impact), for their policy decision on the direction for purchase commitments in new or renewed contracts;
- develop and implement a plan, with defined milestones, to increase usage of the PPE stockpile and broaden distribution, particularly among hospitals and for products with the largest anticipated expiries; and
- provide all clients with regular expiry information earlier, before products reach the 90-day short-dated threshold, to allow sufficient time for planning and integration into client supply chains, and clearly communicate how clients can help minimize waste.

For the auditee responses, see **Recommendations and Auditee Responses**.



## 4.4 Storage and Disposal of Unusable Inventory

### 4.4.1 Delayed Disposal of Unusable Inventory Added to the Need for Warehousing and Costs

As noted in **Section 4.3**, a significant volume of PPE in the provincial stockpile expired in recent years. These expired goods, along with other damaged and obsolete items, were deemed unusable and classified as “unavailable”.

The volume of unavailable PPE kept in storage has increased significantly, from approximately 26 million units in 2021/22 to approximately 688 million units by the end of 2023/24. While this number dropped to 350 million units by the end of 2024/25, unavailable PPE still accounted for 32% of total inventory held across 10 warehouse locations and occupied approximately 20% of warehouse space.

As shown in **Figure 6**, disposal activities were not consistently keeping pace with the growth in unavailable inventory. The delay in disposal was primarily due to the following:

- » As noted in **Section 2.2.2**, inventory ownership and accounting responsibilities were transferred from the ministries to Supply Ontario on April 1, 2024. The transfer included a significant quantity of unavailable PPE that had already been written off but remained in warehouses as of 2023/24. While Supply Ontario was expected to dispose of this written-off inventory, it did not receive the Province’s approval and funding for the disposal until August 2024.
- » Disposals can proceed only after inventory write-offs are reviewed and approved, which is done once a year.

**Figure 6: Changes in Unavailable PPE Inventory Balance, 2021/22–2024/25 (in millions)**

Source of data: Supply Ontario

|  | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--|---------|---------|---------|---------|
| <b>Units Disposed Within the Year</b>    | –       | 19.8    | 0.1     | 780.9   |
| <b>Unavailable PPE – End of the Year</b> | 26.0    | 127.0   | 688.1   | 350.1   |

Overall warehousing, logistics and transportation costs were \$50 million in 2023/24 and \$58 million in 2024/25, a portion of which related to retaining unavailable items. These costs included facility charges for storage, as well as services such as receiving, picking, order processing, returns management, and shipment and delivery. Supply Ontario does not separately track the costs of storing the unavailable inventory.

#### 4.4.2 Supply Ontario Has Not Pursued Recycling to Lessen the Environmental Impact of PPE Disposal

While PPE items expire, they are typically made from non-biodegradable materials such as polypropylene, which can persist in landfills for decades. Supply Ontario disposed of over 780 million units of PPE between 2023/24 and 2024/25 at a cost of \$16.8 million. It employed a waste-to-energy approach that incinerates expired PPE and converts the heat into energy. While incineration results in less waste than sending PPE to landfills, it releases pollutants and greenhouse gas emissions into the atmosphere.

Supply Ontario management indicated that the agency had explored disposal options but did not pursue PPE recycling because market solutions in Ontario would not be able to accommodate the required scale of disposal in a cost-effective manner. Supply Ontario also indicated that it had explored using an out-of-province disposal company, but did not pursue the option due to concerns over capacity, cost and the additional carbon footprint from transportation.

We noted that British Columbia had launched a PPE recycling program for certain items to reduce environmental impacts and lower greenhouse gas emissions. The program was piloted across select hospitals in 2021 and expanded province-wide around 2024. While recycling costs more than other disposal methods, the program in British Columbia aggregates PPE volumes provincially and centralizes collection through a recycling partner, helping to ensure sufficient materials of the right type and quality to improve recycling viability.

#### ■ Why It Matters

Prolonged storage of expired, damaged and obsolete PPE items that are no longer usable increases warehouse needs and contributes to higher storage costs. The disposal of these items through incineration also has significant impacts on the environment.

#### Recommendation 4

We recommend that Supply Ontario:

- develop a process to ensure timely review and approval for the write-off and disposal of unusable inventory, including expired, damaged and obsolete items, to free up warehouse space and avoid unnecessary warehousing costs; and
- continue to investigate PPE recycling options, considering environmental impacts, costs and approaches.

For the auditee responses, see **Recommendations and Auditee Responses**.



## 4.5 Product Quality and Availability

### 4.5.1 Product Quality Did Not Always Meet Clients' Expectations or Needs

In 2024/25, long-term care homes represented the largest client sector for Supply Ontario, receiving 171 million units of PPE from the provincial stockpile and accounting for 42% of all PPE distributed from the program (see **Figure 5** in **Section 4.3.3**).

While home representatives we interviewed valued the program, they expressed concerns about the quality of certain supplies. For example, they reported that, in some deliveries:

- » Supply Ontario provided expired or short-dated products without asking homes for their consent, as required (see **Section 4.3.4**).
- » Hand sanitizers did not meet Public Health Ontario's best-practice standards. For example, the alcohol concentration in the hand sanitizers was below the recommended 70% to 90% range. Additionally, hand sanitizing wipes were provided instead of alcohol-based hand rub, which is Public Health Ontario's preferred option when hands are not visibly soiled.
- » Gowns lacked breathability and were unsuitable for use in homes. For example, Supply Ontario sometimes provided chemotherapy gowns, which were more costly and provided more protection than needed for standard isolation.
- » Gloves tore easily.
- » Surgical masks caused irritation.
- » Face shields were prone to fogging.

While some of these concerns may predate Supply Ontario's management of the stockpile program (for instance, we noted that the hand sanitizers Supply Ontario currently offers contain at least 70% alcohol), these past experiences have affected client confidence and discouraged usage of PPE from the stockpile. Some home representatives we interviewed said they relied less on Supply Ontario, preferring to procure from vendors directly for more consistent product quality and delivery times (see **Section 4.6**).



Supply Ontario stated that all stockpile products purchased since it assumed program responsibilities have met Health Canada requirements. It maintains a licence from Health Canada to distribute medical devices that meet the safety requirements set out in the *Medical Devices Regulations*. The agency also has a quality assurance program through which clients can provide feedback or raise concerns via centralized emails and phone lines, and works with MLTC to disseminate program information to homes. However, the home representatives we interviewed were unaware of these channels for submitting complaints or feedback on product quality or service, and indicated a general lack of opportunities to provide

input on the PPE stockpile program (see **Section 4.2.1**). One home representative noted that, because the products were provided free of charge, they did not raise quality concerns, assuming there was no recourse.

#### 4.5.2 Product Availability and Packaging Quantity Were Not Always Clear to Clients

The PPE Supply Portal, Supply Ontario's web-based ordering system, does not provide clients with timely and adequate information on product availability. While Supply Ontario aims to flag available substitutes on the portal when products are temporarily unavailable or low in stock, it does not provide timelines for when unavailable products will be restocked.

Long-term care home representatives we interviewed reported that when ordered products were temporarily out of stock, Supply Ontario notified them but could not provide clear timelines for restocking. As a result, homes often had to order from other vendors or repeatedly check the portal for product availability and follow up with Supply Ontario by email, which they found inefficient. One home representative noted that it took over a month and several follow-ups before the gowns they needed became available.

Some of the home and hospital representatives we interviewed also noted that units of measure on the PPE Supply Portal are not always clear. Our review of the portal noted that certain products, such as N95 masks, are ordered by the box, whereas other products, such as surgical masks and gloves, are ordered by individual piece. Hospital and home representatives expressed that knowing the number of pieces per box is essential for inventory management, usage planning, distribution and storage. The confusion may also result in over- or under-ordering.



### ■ Why It Matters

Concerns with product quality and availability can erode client confidence in the provincial PPE stockpile. While some client concerns may reflect individual preferences that cannot always be accommodated, it remains important for Supply Ontario to actively engage its clients to understand and respond to their needs or feedback, and to provide updates on product quality improvements and changes.

### Recommendation 5

We recommend that Supply Ontario:

- promote awareness of Supply Ontario's quality assurance program and the formal channels available for clients to submit complaints and feedback;
- periodically engage clients to understand their needs and assess their satisfaction with various aspects of the PPE stockpile program, such as product quality, ordering experience and delivery;
- continue to verify that PPE purchases comply with public health best practices, including standards and guidelines issued by Public Health Ontario, before procurement; and
- provide clients with timely information, such as product availability and expected availability dates for out-of-stock products, when placing orders through its web-based portal.

For the auditee responses, see **Recommendations and Auditee Responses**.



## 4.6 Order Fulfillment

End-to-end order fulfillment time refers to the duration from when a client places an order to when they receive it. Once an order is placed, there are three operational phases: order processing, shipment and delivery, as shown in **Figure 7**. As noted in **Section 2.2**, Supply Ontario inherited contracts from the ministries with multiple third-party logistics vendors to manage warehousing, shipment and delivery of PPE.

**Figure 7: Order Fulfillment Phases and Key Activities**

Prepared by the Office of the Auditor General of Ontario



### 4.6.1 End-to-End Order Times Were Not Measured or Monitored

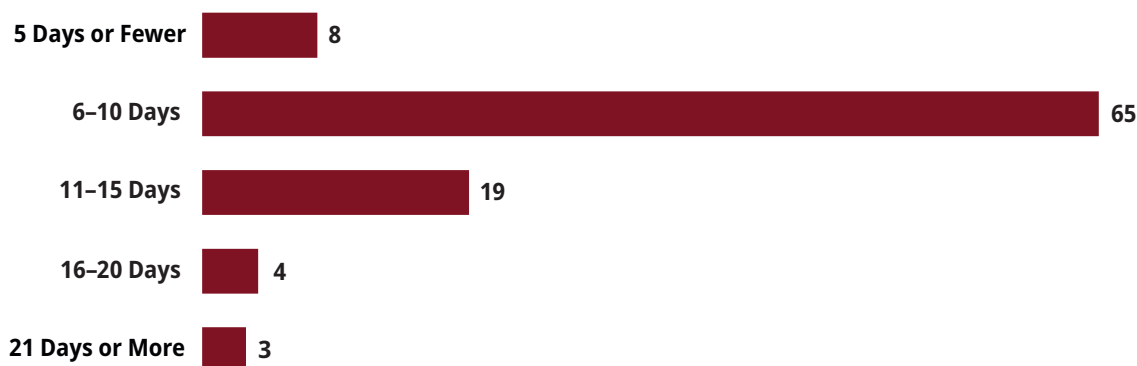
While Supply Ontario's performance dashboard measures third-party vendor shipment and delivery times (discussed further in **Section 4.6.2**), it does not measure the order processing phase. As a result, Supply Ontario lacks a comprehensive measurement of the total time from order placement to delivery, which limits its ability to assess whether the order fulfillment process meets client needs and expectations.

**Supply Ontario lacks a comprehensive understanding of how long it takes clients to receive their orders and whether its order fulfillment process meets client needs and expectations**

We analyzed end-to-end fulfillment times for a sample of orders in 2023/24 and 2024/25. We found that clients received their orders in approximately nine days, on average, with similar timelines observed across all regions. As shown in **Figure 8**, fulfillment times for individual orders ranged from fewer than five days to more than 20 days in some instances.

**Figure 8: Order Fulfillment Times for Client Orders Sampled, 2023/24 and 2024/25 (%)**

Source of data: Supply Ontario



Note: The sample included both PPE and non-PPE items, as Supply Ontario's reporting does not differentiate between product types and all items included in our sample are subject to the same delivery process and standard.

These variations in fulfillment times were consistent with feedback we heard from long-term care home representatives. Home representatives reported inconsistent timelines in receiving PPE, ranging from three days to two weeks. These variations occurred even among homes located in the same region.

Our research indicates that the average delivery standard for Canada's major distributors of health-care and medical products, including PPE, is two to four days. Supply Ontario stated that the agency does not have a mandate to compete with private sector organizations' order turnaround times. The agency told us it communicated a 10-day turnaround expectation during client onboarding, and the PPE logistics vendor also informs clients via email about the estimated delivery times by region once orders have shipped. However, the home representatives we interviewed were unaware of the 10-day turnaround time standard and told us they had not been consulted on what they considered an acceptable timeline.



#### 4.6.2 Inconsistent Data Quality and Application of Delivery Standards Impacted Performance Monitoring

Results of order fulfillment are reported through internal performance dashboards. In the dashboards related to our sample, we found that 91% of orders met the “ship-by dates” set by Supply Ontario, and 95% were delivered within the regional standard time frame.

We examined the underlying datasets and analysis, and we found gaps in Supply Ontario’s data quality and application of delivery standards. For example:

- » Supply Ontario did not consistently apply its three-day delivery standard for orders to the GTA. Although the three-day standard applies to the entire GTA, only orders to the City of Toronto were assessed against it. Orders to other cities within the GTA, such as Brampton, Mississauga and Markham, were assessed against the five-day standard for southern Ontario outside the GTA. Our analysis found that up to 2,474 (55%) of GTA orders from our sample were potentially misclassified as outside the GTA and measured against the five-day standard. Had the appropriate standard been applied, 261 (11%) of the 2,410 orders originally marked as on-time would have been considered late.
- » Supply Ontario captured the shipment date from two sources: warehouse records and supplemental data from the carrier or freight agent. Our review found discrepancies in shipment dates between the two sources, which could have affected the accuracy of delivery performance assessments. We identified a small number of cases (less than 1%) where the incorrect shipment date was evidently used to evaluate compliance with delivery standards.



As described in **Section 2.3**, Supply Ontario is implementing a long-term warehouse strategy to consolidate inventory and have a single provider with regional warehouse and distribution capabilities. Supply Ontario indicated that this model will help shorten end-to-end delivery times for customers. Centralizing operations under one vendor is also expected to support more consistent performance monitoring for shipping and delivery and to improve data quality for tracking and monitoring of warehouse operations.

### ■ Why It Matters

The lack of comprehensive, consistent performance measures and reliable data affects Supply Ontario's ability to effectively monitor the timeliness of its order fulfillment process.

#### **Recommendation 6**

We recommend that Supply Ontario:

- develop a comprehensive set of metrics to monitor the timeliness of the end-to-end PPE order fulfillment process, and clearly communicate the expected service standards to clients; and
- identify and address issues with data quality and PPE delivery standards to strengthen the reliability and consistency of performance monitoring.

For the auditee responses, see **Recommendations and Auditee Responses**.

## Recommendations and Auditee Responses

### Recommendation 1

We recommend that Supply Ontario:

- complete the warehousing strategy by consolidating inventory quantity records into the single vendor's warehouse management system within the next year;
- integrate the inventory quantity records from the third-party warehousing system into an automated inventory management module in its accounting system; and
- better utilize data from its systems to plan, manage and report the PPE levels and begin to report values in the province on a timely basis.

### Supply Ontario Response

Supply Ontario agrees with this recommendation. Supply Ontario has contracted with new vendors and has substantially completed execution of the planned strategy to consolidate inventory and records into a single vendor warehouse management system, with regional distribution centres enabling faster and more cost-effective delivery to clients.

Once inventory is completely consolidated, Supply Ontario will integrate inventory quantity and cost records into a single system to enable timely financial reporting. Supply Ontario will continue to plan, manage and report PPE levels on a timely basis and with the integration will report inventory valuation on a timely basis.

Supply Ontario currently uses data from its systems to plan and manage PPE levels. Reporting PPE values is only periodically required for the province and Supply Ontario will begin to report such values on a timely basis.

### Recommendation 2

We recommend that Supply Ontario:

- develop and implement a communication and engagement plan to raise awareness of the provincial PPE stockpile program and gather input from clients and relevant parties; and
- develop and implement a structured process to identify, collect and analyze critical data from relevant parties, including SSOs and GPOs, to support PPE stockpile planning and decision-making.

## Supply Ontario Response

Supply Ontario agrees with this recommendation. Supply Ontario will continue to work with ministries and their sectors to raise awareness of the provincial PPE stockpile program, now called the strategic inventory program, and to gather input from clients, including through timely feedback from order recipients. Supply Ontario will continue to collaborate with SSOs and GPOs to reduce contracts for those items contained in the strategic inventory and to collect data on continued use of contracts for items contained in the inventory.

### Recommendation 3

We recommend that Supply Ontario:

- work with MPBSDP to provide a value-for-money analysis, including other considerations (for example, economic development, job creation and Ontario business impact), for their policy decision on the direction for purchase commitments in new or renewed contracts;
- develop and implement a plan, with defined milestones, to increase usage of the PPE stockpile and broaden distribution, particularly among hospitals and for products with the largest anticipated expiries; and
- provide all clients with regular expiry information earlier, before products reach the 90-day short-dated threshold, to allow sufficient time for planning and integration into client supply chains, and clearly communicate how clients can help minimize waste.

## Supply Ontario Response

Supply Ontario agrees to this recommendation and will provide MPBSDP analysis for their use. Supply Ontario will confirm the government policy direction for new and renewed contracts.

Supply Ontario will also establish a working group with hospitals to enable expanded distribution of stockpile products. Additionally, Supply Ontario will assess the appropriate timing for information sharing on available strategic inventory products which are approaching of end of shelf-life dates. Information sharing will be provided to allow for sufficient time for planning and integration into client supply chains.

#### Recommendation 4

We recommend that Supply Ontario:

- develop a process to ensure timely review and approval for the write-off and disposal of unusable inventory, including expired, damaged and obsolete items, to free up warehouse space and avoid unnecessary warehousing costs; and
- continue to investigate PPE recycling options, considering environmental impacts, costs and approaches.

#### Supply Ontario Response

Supply Ontario agrees with this recommendation. Supply Ontario will implement semi-annually or quarterly review and approval for write-offs, ensuring that product is regularly removed from inventory when unable to be distributed. Supply Ontario will continue to seek options for handling written-off inventory that consider environmental impacts as well as value for money.

#### Recommendation 5

We recommend that Supply Ontario:

- promote awareness of Supply Ontario's quality assurance program and the formal channels available for clients to submit complaints and feedback;
- periodically engage clients to understand their needs and assess their satisfaction with various aspects of the PPE stockpile program, such as product quality, ordering experience and delivery;
- continue to verify that PPE purchases comply with public health best practices, including standards and guidelines issued by Public Health Ontario, before procurement; and
- provide clients with timely information, such as product availability and expected availability dates for out-of-stock products, when placing orders through its web-based portal.

#### Supply Ontario Response

Supply Ontario agrees with this recommendation. Supply Ontario will continue to work with ministries and their sectors to raise awareness of the strategic inventory program and to gather input from clients, including through timely feedback from order recipients.

Supply Ontario will continue to engage clinical expertise and follow Health Canada guidelines when purchasing products and will continue to provide access to product information for customers.

Supply Ontario will provide notification of limits in product availability and anticipated resolution dates on the PPE Supply Portal.

### **Recommendation 6**

We recommend that Supply Ontario:

- develop a comprehensive set of metrics to monitor the timeliness of the end-to-end PPE order fulfillment process, and clearly communicate the expected service standards to clients; and
- identify and address issues with data quality and PPE delivery standards to strengthen the reliability and consistency of performance monitoring.

### **Supply Ontario Response**

Supply Ontario agrees with this recommendation and will continue to monitor contractors for specific contract performance measures with agreed data sources. Supply Ontario has contracted with new vendors. Supply Ontario has also substantially completed execution of the planned strategy to consolidate inventory and records into a single vendor warehouse management system, with regional distribution centres enabling faster and more cost-effective delivery to clients. Supply Ontario will develop baseline fulfillment timelines for this regional delivery network and will communicate ongoing expectations and improvements to clients.

## Audit Criteria

In planning our work, we identified the audit criteria we would use to address our audit objectives (outlined in **Section 3.0**). These criteria were established based on a review of applicable legislation, policies and procedures, internal and external studies, and best practices. Senior management at Supply Ontario reviewed and agreed with the suitability of these objectives and associated criteria:

1. Inventory cost and valuation records are accurately maintained on a timely basis to support decision-making and financial management.
2. A stockpiling strategy exists, with defined goals and objectives, and was developed and approved in order to guide program activities and evaluations.
3. Information is regularly collected from public sector entities about their ongoing inventory requirements and policies for PPE and related critical supplies, and this information is used to inform Supply Ontario's stockpiling program plans and decisions.
4. Inventory restocking activities are supported by quality data showing demand and supply forecasts and best inventory management practices.
5. Processes and procedures are in place and consistently followed (for example, enforcement of first-in, first-out practices; expansion in client base; monitoring of soon-to-expire products) to manage and rotate inventory before expiry.
6. Expired, obsolete and damaged inventory is identified and disposed of regularly to optimize the use and cost of warehouses following waste disposal requirements.
7. Supply Ontario tracks reliable data that PPE and related critical supplies are delivered to public sector entities across Ontario, including those situated in remote locations, in accordance with established timelines that are clearly communicated to clients.
8. Performance measures and targets are established by Supply Ontario and used regularly to monitor the performance of the stockpiling program in meeting goals and objectives.

## Audit Approach

We conducted our audit between January 2025 and October 2025. We obtained written representation from Supply Ontario's management that, effective November 14, 2025, they had provided us with all the information they were aware of that could significantly affect the findings or the conclusion of this report.

We examined auditee activities from 2023/24 to 2024/25. Where relevant, we also reviewed historical information to help identify trends and provide context. As part of our audit work, we:

- » interviewed relevant staff from Supply Ontario;
- » examined relevant legislation, regulations and other documentation related to the program's scope, mandate and strategy;
- » reviewed data and reports from Supply Ontario and its logistics and warehouse vendors;
- » performed analyses of inventory records (including purchases, expirations, obsolescence, damages and disposals), as well as cost data, order records, and shipment and delivery records;
- » spoke with external stakeholders, including AdvantAge Ontario, Canadian Association of PPE Manufacturers, Ontario Long Term Care Association, public health and infectious disease experts, one of the major SSOs in Ontario, and a selection of hospitals and long-term care homes across the province; and
- » met with and obtained information from health authorities in other jurisdictions, including Alberta and British Columbia.

## Audit Opinion

To the Honourable Speaker of the Legislative Assembly:

We conducted our work for this audit and reported on the results of our examination in accordance with Canadian Standard on Assurance Engagements 3001—*Direct Engagements* issued by the Auditing and Assurance Standards Board of the Chartered Professional Accountants of Canada. This included obtaining a reasonable level of assurance.

The Office of the Auditor General of Ontario applies Canadian Standards on Quality Management and, as a result, maintains a comprehensive system of quality management that includes documented policies and procedures with respect to compliance with rules of professional conduct, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

December 2, 2025



**Shelley Spence, FCPA, FCA, LPA**

Auditor General  
Toronto, Ontario

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## Acronyms

| Acronym | Definition   |
|---------|--|
| GPO     | Group purchasing organization                                    |
| GTA     | Greater Toronto Area   |
| MOH     | Ministry of Health   |
| MPBSDP  | Ministry of Public and Business Service Delivery and Procurement |
| PPE     | Personal protective equipment                                    |
| SSO     | Shared services organization                                     |



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