
CHAPTER FOUR

Follow-up of Recommendations in the 1995 Annual Report

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Since 1993 it has been our practice to make specific recommendations for corrective action by ministries and agencies, and two years after publication of the recommendations in our *Annual Report* to follow up on the status of action taken. This chapter provides some background on the audits comprising the Value for Money Chapter of our *1995 Annual Report* as well as the current status of implementing the recommendations made. We are pleased that in many cases our recommendations have been either fully or substantially implemented. However, in several cases, progress has been slow or is ongoing. In cases where the recommendations have not been implemented, or are still in the process of implementation, a brief description of the current status of action taken by the ministries is provided.

MINISTRY OF COMMUNITY AND SOCIAL SERVICES - CHILD CARE ACTIVITY - SECTION 3.01

BACKGROUND

The Ministry of Community and Social Services' Child Care Activity is operated under the authority of the *Day Nurseries Act* and Regulation. Under the Activity, the Ministry's main responsibilities are to license and regulate child care centres to ensure the health and safety of children, and to provide funding to municipalities, approved corporations and First Nations toward the provision of subsidized care to children of families demonstrating financial and social need.

In our 1995 audit we assessed the Ministry's procedures for monitoring child care services to determine the extent to which: legislative requirements and established ministry policies and directives were being complied with; and the cost effectiveness of service delivery was being measured and reported.

We found that improvements were needed in the Ministry's monitoring procedures to ensure that: child care centres are properly licensed; only eligible families receive subsidized services;

wage subsidy payments are spent for the intended purposes; and an effective accountability framework exists for service providers.

CURRENT STATUS OF RECOMMENDATIONS

The Ministry has substantially implemented our recommendations relating to the following areas:

- Licensing and Enforcement; and
- Wage Subsidies.

However, the Ministry has made only limited progress with respect to the following recommendations.

MINISTRY'S REFUSAL TO ISSUE NEW LICENCES

Recommendation

To ensure that new child care licences are issued appropriately, the Ministry should:

- *define both "not competent" and "in a responsible manner" as used in the Day Nurseries Act and make its assessments based on those definitions; and*
- *develop guidelines stipulating the circumstances under which a criminal reference check provides grounds for refusing a licence.*

Current Status

In April 1996 the Ministry issued an internal directive and guideline to aid directors in making decisions with respect to issuing or refusing to issue a licence to a new applicant. However, additional work remains to be done to clarify the specific circumstances under which directors should refuse to issue or renew a child care licence.

APPLICATION OF THE NEEDS TEST

Recommendation

The Ministry should ensure consistency and equity in the application of needs tests across the province.

Current Status

The *Ontario Child Care Review Report* issued in August 1996 identified the importance of simplifying and streamlining needs testing to ensure consistency throughout the province. Consequently, the Ministry is proposing a change from "needs testing" to "income testing" and intends to prepare a cabinet submission to address this issue during 1997/98.

MINISTRY REVIEW OF COMPLETED NEEDS TESTS

Recommendation

To ensure that only eligible families receive subsidized day care, the Ministry should conduct its needs test file reviews based on risk assessments and in a timely and effective manner. Where deficiencies are identified, the Ministry should ensure that appropriate corrective action is taken.

Current Status

As a result of the Child Care Review noted previously, the Ministry expects to develop a new policy direction for cabinet decision during 1997/98. The implementation plan for the new policy will include a mechanism for ensuring that municipalities are conducting the income test as intended.

ACCOUNTABILITY**Recommendation**

To improve accountability, the Ministry should ensure that:

- *service levels expected of municipalities and approved corporations are clearly specified; and*
- *significant variances between actual service levels and budgeted levels are followed up and appropriate corrective taken where necessary.*

Current Status

The Ministry is developing a funding strategy based on community needs and existing levels of service. As a result of decisions by the Who Does What Panel, implementation of this strategy by transfer payment service delivery agents is expected to take place after January 1, 1998.

MINISTRY OF COMMUNITY AND SOCIAL SERVICES - FACILITIES FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES - SECTION 3.02**BACKGROUND**

Under the authority of the *Developmental Services Act*, the Ministry of Community and Social Services in 1995 operated nine facilities and funded nine non-profit agencies that provided a range of supports and services for approximately 3,000 people with developmental disabilities. Independent boards of directors governed the agencies.

The Ministry has two stated objectives for the care of people with developmental disabilities residing in facilities:

- to enhance and maintain the quality of life of facility residents by providing a full range of residential, highly specialized treatment, and training programs and services; and
- to de-emphasize the institutional approach and emphasize the normalization principle in the care of people with developmental disabilities by reducing the number of residents living in institutions through the provision of programming to prepare clients for community living.

Our 1995 audit assessed the Ministry's procedures for managing its facilities and for monitoring the facilities operated by agencies to determine the extent to which:

- cost effectiveness in delivering services and the achievement of program objectives were measured and reported; and

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- legislative requirements and Ministry policies and procedures were complied with.

We noted deficiencies in the Ministry's service delivery, the achievement of program objectives and compliance with ministry policies and procedures. As a result, we made a number of recommendations for improvement.

CURRENT STATUS OF RECOMMENDATIONS

The Ministry has taken some action on all of our recommendations made in 1995 and has substantially implemented recommendations relating to the following areas:

- Management Information Systems;
- Serious Occurrences; and
- Personal Needs Allowance.

However, the Ministry has made only limited progress with respect to the following recommendations.

MONITORING AGENCY SERVICE DELIVERY

Recommendations

To provide assurance that the quality of care is adequate at the agency-operated facilities, the Ministry should perform regular inspections under the Developmental Services Act for the adult population residing in the facilities.

The Ministry should establish an ongoing review mechanism similar to the one conducted under the Ministry's 1991 Health and Safety Audits.

Current Status

The Ministry has started to identify broad client outcomes and ways to measure how clients benefit from services provided in each of its program sectors with a view to developing individual support agreements. Starting with the 1997/98 fiscal year, the Ministry expects to phase in individual support agreements for all individuals in service provider organizations over a three-year period. The purpose of these agreements will be to promote and facilitate individualized approaches to services and supports to better match the services of agencies to the needs of families and individuals. The agreement begins to quantify the degree and cost of services and supports received.

QUALITY OF CARE

Recommendations

The Ministry should improve its procedures to ensure that all persons with developmental disabilities residing in Ministry- and agency-operated facilities receive the same quality of care throughout the province.

The Ministry should also monitor the agencies and its directly operated facilities to measure their performance in meeting the Ministry's objectives.

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Current Status

The Ministry informed us that it would be establishing standards in key areas of developmental services. It is expected that these standards will be applied to both Ministry-operated facilities and service provider organizations during the 1997/98 fiscal year.

The Ministry is also developing an Annual Agency Status Report for implementation by April 1, 1998. This tool requires service provider organizations to report results (actuals) against projected provision of services and supports.

FUNDING

Recommendations

The Ministry should ensure that its resource allocation process is equitable, efficient and effective and promotes cost effectiveness.

The Ministry should ensure that its funding and reconciliation processes promote cost effectiveness and provide timely monitoring and evaluation of agency-operated facilities for people with developmental disabilities.

Current Status

Through the Levels of Support Project, the Ministry has developed a "Staffing Resources Assessment" tool that is designed to measure how staffing resources are currently used for clients in residential developmental services programs. This tool will be reviewed and its future use will be determined during 1997/98.

However, until more precise ways of costing individual levels of support plans are established, there will be some inequities in the resource allocation process which will continue to be tied to historical base budgets and government priorities.

BEHAVIOURAL TRAINING AND TREATMENT

Recommendation

The Ministry should complete its peer review process for all its facilities and ensure that the Ministry's Standards for the Use of Behavioural Training and Treatment Procedures are being followed by the facilities.

Current Status

The Ministry has put the peer review process on hold pending the completion of current work around behavioural standards. A provincial working group is currently reviewing draft provincial standards for behavioural support strategies. The standards will focus on required features, expectations and protocols for the Developmental Services System. Standards will be linked to professional standards that are currently under development by the Ontario Association for Behavioural Analysis.

ATTENDANCE MANAGEMENT

Recommendation

The Ministry should ensure that all facilities have procedures in place to monitor absenteeism and take corrective action where necessary.

Current Status

Attendance improvement is a ministry focus for 1997/98. The Ministry is currently investigating the broad use of an "Attendance Enhancement Program" that will focus on prevention and having employees return to work from short-term disability and workers' compensation.

For agency-operated facilities, as with other transfer payment agencies, the Ministry's area offices are to ensure that during the 1997/98 service contract negotiations period the Boards of Directors have attendance management protocols in place.

MINISTRY OF CONSUMER AND COMMERCIAL RELATIONS - BUSINESS DIVISION PROGRAM - SECTION 3.03

BACKGROUND

The mandate of the Business Division is to promote a fair and informed marketplace that supports a competitive economy in Ontario. In 1995 division responsibilities included registering and regulating certain businesses; resolving marketplace issues; mediating consumer complaints and enforcing consumer protection legislation; and educating consumers and businesses.

We assessed whether the Business Division had adequate procedures in place to measure and report on program effectiveness and to promote a fair and informed marketplace. We recommended that the Ministry adopt a more systematic and risk-based approach to effectively prioritize marketplace issues and develop solutions for them, and establish more meaningful performance indicators to measure and report on the effectiveness of the Business Division's programs.

CURRENT STATUS OF RECOMMENDATIONS

In June 1996 the government passed the *Safety and Consumer Statutes Administration Act, 1996*, enabling the Ministry to transfer to designated administrative authorities certain powers and duties relating to the administration of some key regulatory acts such as the *Real Estate and Business Brokers Act* and the *Motor Vehicle Dealers Act*. The boards of these authorities consist of a diversity of industry, consumer and government representatives. The Ministry had accepted and implemented all of our recommendations prior to the transfer of responsibilities.

The Minister of Consumer and Commercial Relations has administrative agreements with these authorities that set out the terms for the administration of the regulatory functions. As part of the agreements, the authorities are required to submit annual reports to the Minister which include performance statistics for monitoring consumer protection and marketplace standards.

MINISTRY OF CONSUMER AND COMMERCIAL RELATIONS - ELEVATING DEVICES PROGRAM - SECTION 3.04

BACKGROUND

The objective of the Elevating Devices Program is to minimize safety risks associated with elevating devices. Most of the devices are passenger elevators. Other devices include escalators, lifts and hoists. The Program operated under the authority of the *Elevating Devices Act* and in 1995 was administered by the Technical Standards Division of the Ministry.

In 1995 we assessed whether the Ministry had in place: an adequate system of inspections for elevating devices to ensure that safety risks were minimized; and adequate procedures to measure and report on the effectiveness of the Program. We recommended that all elevating devices be inspected based on risk assessment and within their inspection cycles, and that devices found in violation of safety standards be appropriately reinspected. As well, better indicators were needed to measure and report on the Program's effectiveness in ensuring the safety of elevating devices.

CURRENT STATUS OF RECOMMENDATIONS

We noted that prior to the transfer of responsibilities as explained below, the Ministry had substantially implemented all of our recommendations.

Since our audit the government had passed the *Safety and Consumer Statutes Administration Act, 1996*, enabling the Ministry to transfer the responsibilities of its Technical Standards Division to a newly created private sector corporation, the Technical Standards and Safety Authority. The Authority is led by a board of directors representing various industries, consumers and the government and is responsible for the administration of acts and regulations, including the *Elevating Devices Act*.

Additionally, the Minister of Consumer and Commercial Relations has an administrative agreement with the Authority that sets out the terms for the administration of the regulatory functions. As part of the agreement, the Authority is required to submit an annual report to the Minister which includes performance measures for monitoring public safety.

MINISTRY OF ECONOMIC DEVELOPMENT, TRADE AND TOURISM - JOBS ONTARIO COMMUNITY ACTION PROGRAM - SECTION 3.05

BACKGROUND

The jobsOntario Community Action program (jOCA) was introduced by the Ontario government in its 1993 *Budget*. The purpose of the program was to assist community economic development by funding activities such as training and development initiatives and the construction of community and recreational facilities. The government's initial funding commitment to

jOCA totalled \$300 million over a three-year period. The program, coordinated by the Ministry of Economic Development, Trade and Tourism, was delivered by six ministries.

In 1995 we assessed whether an effective administrative framework had been established for the program and whether adequate procedures were in place to approve or reject grants based on the criteria established for the program and to determine whether grant amounts were reasonable.

We found that an effective administrative framework had not been established for the program and that adequate procedures were not in place at the delivery ministries to assess grant proposals or to determine if grant amounts were reasonable.

CURRENT STATUS OF RECOMMENDATIONS

On July 21, 1995 the government announced that the program would not make any new commitments for community capital projects, pending a review of the program. The jOCA program was subsequently terminated. All legally binding agreements under the program were honoured. Our recommendations dealing with project monitoring and future cash disbursements were incorporated into jOCA Standards that were distributed to all participating jOCA ministries in January 1996. There are three approved projects remaining to be completed at an estimated cost of \$400,000 in the 1997/98 fiscal year.

MINISTRY OF FINANCE - GASOLINE, DIESEL FUEL AND TOBACCO TAXES - SECTION 3.06

BACKGROUND

The Ministry is responsible for collecting gasoline, diesel fuel and tobacco taxes. For the 1994/95 fiscal year these taxes generated \$2.8 billion in revenues to the province. Our audit assessed whether the province collected these taxes in a cost-effective manner, on a timely basis and in accordance with statutory requirements.

We concluded that in certain areas more effective procedures were needed to detect both intentional and unintentional non-compliance with the gasoline and diesel fuel tax statutes. We made a number of recommendations mainly directed at improving the Ministry's ability to better detect the illegal declaration, use and sale of tax-exempt gasoline and diesel fuel products.

CURRENT STATUS OF RECOMMENDATIONS

All of our 1995 recommendations have been substantially implemented by the Ministry. The recommendations related to the following matters:

- Reconciling Transactions between Collectors;
- Investigating Import/Export Discrepancies;
- Scheduling Inspections on an Irregular Basis;
- Laying of Charges When Violations Detected;
- Inspecting Petroleum Tankwagons at Border Crossings;

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- Discussing the Feasibility of Implementing Electronic Data Interchange; and
 - Measuring the Effectiveness of Compliance and Enforcement Activities.

MINISTRY OF FINANCE - RETAIL SALES TAX - SECTION 3.07

BACKGROUND

The Ministry is responsible for the administration and enforcement of the *Retail Sales Tax Act*. The Act imposes an 8% tax on most retail sales, and in the 1994/95 fiscal year the province collected \$9 billion in retail sales tax. We conducted an audit in that year to assess the adequacy of the Ministry's tax collection procedures.

We concluded that the Branch can and should take more vigorous steps to reduce the tax gap and minimize the loss of taxes through the underground economy. Given the deterioration in the level of vendor audit coverage, we questioned whether compliance with the law was being adequately enforced and whether public confidence in the fairness of the tax system was being maintained.

CURRENT STATUS OF RECOMMENDATIONS

The Ministry has taken substantial action to implement our recommendations to:

- Conduct Research into the Underground Economy to Reduce the Tax Gap;
- Utilize the Computer System to Identify High-risk Vendors;
- Develop Risk-based Criteria for Selecting Vendors for Audit; and
- Increase the Audit Coverage of Small Vendors.

In its May 1996 *Report on Retail Sales Tax*, the Standing Committee on Public Accounts acknowledged the Ministry's commitment to assign 50 additional auditors to the small vendor population. The Committee requested the Ministry to provide a report within two years detailing the impact of these new auditors. The Ministry informed us that the additional auditors assigned to date have conducted audits which have generated millions of dollars in additional taxes owing to the province.

The remaining recommendation from our 1995 audit is, as yet, only partially implemented as explained below.

CROSS-REFERENCING INFORMATION FROM OTHER SOURCES

Recommendation

To identify non-registrants as well as vendors who may be under-remitting retail sales tax, the Ministry should compare its retail sales tax database with its other taxation databases and with other government databases such as the Ministry of Consumer and Commercial Relations' business registration database.

Current Status

The databases for the Retail Sales Tax and the Goods and Services Tax have now been matched, and anomalies and discrepancies are being followed up by both administrations. Other database matches for vendors such as with the Ministry of Consumer and Commercial Relations (business registration) and the Workers' Compensation Board (employers) are planned.

MINISTRY OF HEALTH - LAND AMBULANCE SERVICES - SECTION 3.08

BACKGROUND

The *Ambulance Act* governs and regulates the licensing and operations of ambulance services in Ontario. The Act and its Regulations specify the terms and conditions for licensing ambulance services, the qualifications required for ambulance attendants and dispatchers, vehicle and equipment standards, reporting requirements for ambulance services and general management practices. Operating under the Act, the objectives of the Ministry of Health's Emergency Services Activity are:

- to reduce death, disability and suffering due to sudden illness or injury; and
- to provide safe and efficient medical transportation for non-emergency patients.

In 1995 we assessed whether: program goals were clearly defined and whether performance was measured and reported; the Ministry ensured that resources were managed with due regard for economy and efficiency; and monitoring procedures were in place to ensure ambulance services complied with applicable legislation and policies.

CURRENT STATUS OF RECOMMENDATIONS

The Ministry has implemented or commenced action on all of the recommendations in our 1995 report. Recommendations relating to the following areas have been substantially implemented: Non-Emergency Patient Transfers; Unlicensed Patient Transfer Services; Working Hours; Financial Monitoring; Metropolitan Toronto Ambulance Service; Complaints and Investigations; and Information System.

With respect to our other recommendations, the status of actions taken in those areas is as follows.

PROGRAM EFFECTIVENESS – RESPONSE TIME

Recommendation

The Ministry should:

- *establish or refine performance expectations for various components of ambulance response time. Factors to be considered should include the nature of the emergency, the geographical environment and community size; and*
- *develop a system to measure and report on actual performance and take corrective action where necessary.*

Current Status

The Emergency Health Services Branch has established performance expectations for the various components. The Ambulance Response Information System is capable of providing the required reports. Central Ambulance Communications Centres management, the management of individual services and the regional offices are responsible for monitoring the time intervals for each segment. The Branch is working within the Who Does What initiative to define service performance standards.

PROGRAM EFFECTIVENESS - PRIORITY DETERMINATION**Recommendation**

The Ministry should investigate why certain central ambulance communication centres have a high incidence of overstated priorities and take the necessary corrective action.

Current Status

In eastern Ontario, a distinct dispatch priority card index has been modeled and tested for use when the client is a health care institution. Following a review of the use of the index, the Branch completed a pilot project and evaluated: adherence to the index; and a more practical approach which uses the index as a guideline, both before and after seminars on applied logic and critical thinking training. The information obtained from these activities is being evaluated in light of the changes occurring to land ambulance services delivery under the Who Does What initiative.

QUALIFICATION REQUIREMENTS FOR AMBULANCE ATTENDANTS**Recommendation**

The Ministry should reassess the qualification requirements for part-time and volunteer ambulance attendants.

Current Status

The Ministry has reassessed the qualification requirements for part-time and volunteer ambulance attendants. The Ministry has upgraded the Emergency Medical Care Assistant credential from a basic life support level to an advanced life support level and the credential name has been changed to Paramedic.

The qualification requirements for part-time and volunteer attendants are subject to ongoing review. The Branch is considering the possibility of requiring all part-time and full-time attendants to be qualified as Paramedics. The Branch contracted education specialists to review all continuing education delivery to all ambulance personnel. The Branch is reviewing the results of this study.

FUNDING/RESOURCE ALLOCATION**Recommendation**

The Ministry should ensure that funds are allocated across the province based on an assessment of current needs.

Current Status

Under the current system, regional offices determine the allocation of funds for each geographical area within their responsibilities and adjust budgets according to need. However, the assessment of need and responsibility to fund land ambulance services will rest with municipalities by January 1, 1998. Through legislation and the monitoring and enforcement of service delivery standards, the Ministry will ensure the maintenance of service quality and delivery standards.

MINISTRY OF HEALTH - RESIDENTIAL SERVICES ACTIVITY - SECTION 3.09

BACKGROUND

The Ministry of Health's Long-Term Care Program is responsible for developing and implementing policies and programs to facilitate the effective delivery of health services to elderly persons and physically disabled adults. The Residential Services Activity funds and monitors the care of individuals residing in nursing homes and homes for the aged.

The establishment and operation of long-term care residential facilities are governed by the *Nursing Homes Act*, the *Homes for the Aged and Rest Homes Act* and the *Charitable Institutions Act*.

In 1995 we assessed whether program goals had been clearly defined and performance was being measured and reported, and whether the Ministry had adequate procedures in place to ensure that:

- applicable legislation and policies were being followed; and
- resources were being managed with due regard for economy and efficiency.

CURRENT STATUS OF RECOMMENDATIONS

Recommendations relating to the following areas of our 1995 report have been substantially implemented: Evaluation of Long-Term Care Reform; Implementation of Levels of Care Funding; Nursing and Personal Care Guarantee; Timeliness of Complaint Investigations; and Referral of Facilities to the Enforcement Unit.

With respect to our other recommendations, the status of actions taken in those areas is as follows.

SUPPLY OF LONG-TERM CARE BEDS

Recommendations

The Ministry should develop a target bed ratio and a strategy to meet the need for beds to cope with the shortage of beds which is predicted to arise.

Before allocating existing or new beds, the Ministry should determine where the need for additional beds is greatest.

Current Status

The Ministry has initiated a bed supply and distribution study that involves provider associations, placement coordination services and consumers to make recommendations on the number of additional beds Ontario will need in the future, and opportunities and incentives for redistributing existing beds.

COMPLIANCE WITH STRUCTURAL AND ENVIRONMENTAL STANDARDS

Recommendation

The Ministry should:

- *assess homes for the aged for structural and environmental deficiencies; and*
- *establish a plan to replace long-term care facilities that cannot meet structural and environmental requirements.*

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Current Status

The Ministry is working with provider association representatives to develop a consistent new set of structural standards in concert with a new approach for the funding of long-term care facilities. A draft paper outlining the proposed new standards will be completed in 1997. A new approach to funding capital costs through variable accommodation payments will also be developed in 1997 and will include a new deadline for replacement of all sub-standard facilities.

STANDARD COSTS

Recommendation

The Ministry should use information on the costs of providing care and accommodation to:

- *verify the accuracy of the current standard rates for each funding category (nursing and personal care; programs and support services; and accommodation);*
- *develop standards to measure the efficiency of facilities in providing care; and*
- *develop models for staff mixes for the provision of nursing and personal care to arrive at appropriate funding levels.*

Current Status

Data for 1993 through 1995 has been collected and analyzed. As resources allow, adjustments to funding levels are to be considered. The Ministry advised us in 1997 that it “remains critically aware of significant variations in salaries for front line workers, and has implemented a \$28 million wage adjustment fund designed to standardize service levels despite wage variations.”

RATE REDUCTIONS FOR BASIC ACCOMMODATION

Recommendation

To ensure fair treatment of all residents, the Ministry should review the current approach for assessing ability to pay to determine eligibility for rate reductions.

Current Status

The Ministry is reviewing the feasibility of an income- and asset-based system of rate reduction and has conducted a comprehensive survey of co-payment policies in other jurisdictions. With respect to sponsored immigrants, the province is currently working with the federal government on a new protocol to take action against those sponsors that default on their obligations.

COMPLIANCE MANAGEMENT

Recommendations

To ensure adequacy and consistency in annual reviews, the Ministry should establish guidelines for:

- *sample sizes of residents to be audited, taking into account criteria such as the size of the facility; and*
- *selecting additional samples based on audit findings from the previous sample.*

The justification for any decisions not to follow these guidelines should be documented.

Current Status

The Residential Services Branch has shared this recommendation with field staff and reinforced the need for appropriate sample sizes. The Branch is also reviewing its internal protocols and reporting mechanisms and intends to make the necessary amendments to written branch policies as appropriate.

24-HOUR REGISTERED NURSING COVERAGE

Recommendation

The Ministry should develop a plan with specific dates for bringing all nursing homes into compliance with regulatory requirements for 24-hour registered nursing coverage.

Current Status

The Ministry has eliminated the regulatory requirement for 24-hour registered nursing coverage effective July 18, 1996. The Ministry has assisted smaller facilities that will not have 24-hour coverage to develop plans to ensure resident safety.

PROSECUTIONS AND SANCTIONS

Recommendation

The Ministry should assess the effectiveness of sanctions and consider more frequent use of a variety of sanctions.

Current Status

There were three facilities under enforcement monitoring. No other sanctions have been considered since each of the operators is demonstrating some improvements in response to ministry directions.

REST AND RETIREMENT HOMES**Recommendation**

The Ministry should develop a precise legal definition of a “nursing home” and “nursing care” to clarify which premises are required to be licensed under the Nursing Homes Act.

Current Status

The Ministry has indicated that there are no plans for provincial regulation of this industry at this time.

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MINISTRY OF HEALTH - PRIVATE AND HOSPITAL LABORATORIES AND SPECIMEN COLLECTION CENTRES - SECTION 3.10**BACKGROUND**

Laboratory tests assist the medical community in the diagnosis, prevention and treatment of disease. Specimen collection centres gather specimens and forward them to laboratories for testing. Most laboratory companies operate a number of such centres. The *Laboratory and Specimen Collection Centre Licensing Act* and its Regulations prescribe the conditions for owning, operating and licensing laboratories and specimen collection centres.

In 1995 we assessed the adequacy of procedures to ensure compliance with legislation and policies pertaining to the licensing and monitoring of laboratories and specimen collection centres.

CURRENT STATUS OF RECOMMENDATIONS

Recommendations relating to the following areas in our 1995 report have been substantially implemented: Ministry Inspection Process; Laboratory Proficiency Testing; and Licence Renewals.

With respect to our other recommendations, the status of actions taken in those areas is as follows.

OTHER SPECIMEN COLLECTION CENTRES AND PHYSICIAN OFFICE LABORATORIES**Recommendations**

The Ministry should take action to bring all specimen collection centres under the same quality assurance provisions by correcting the deficiencies in the licensing legislation.

The Ministry should determine what laboratory tests can be conducted by physicians and then resolve the inconsistency between the Act and the Regulation.

Current Status

The Ministry indicated that planning has proceeded on the development of a quality improvement program and a restructured laboratory services delivery system to address these recommendations. Progress to date includes the following initiatives.

- An outline structure and process for a quality management program applicable to specimen collection centres and physician office laboratories has been developed and is currently being reviewed.
- Planning objectives have been issued which outline the general direction the Ministry will follow in restructuring laboratory services. Detailed planning guidelines are under development to identify standard issues to be addressed during the restructuring.
- Options for an integrated funding system for all laboratory services are being developed.
- Changes to existing legislation and policies are being planned to support the restructured system.

The Ministry anticipates that planning to support these major initiatives will be completed within the next two years.

MANAGEMENT BOARD SECRETARIAT - CORPAY - SECTION 3.11

BACKGROUND

The Management Board Secretariat is responsible for operating and maintaining the government's corporate human resources systems including the CORPAY payroll system, which was implemented in all ministries and several agencies during the 1992/93 fiscal year.

In 1995 we assessed whether CORPAY had proven to be an efficient and reliable payroll system and found that the ministries selected for review were generally satisfied with the reliability of the system. However, we recommended that the Management Board Secretariat assess the feasibility of other payroll processing alternatives and rationalize the many human resources information systems that were in use.

CURRENT STATUS OF RECOMMENDATIONS

PAYROLL PROCESSING ALTERNATIVES

The Management Board Secretariat is in the process of developing a detailed business case to compare alternative payroll processing options to the cost of operating CORPAY. The business case is expected to be completed by the end of September 1997.

HUMAN RESOURCES INFORMATION SYSTEMS

The Management Board Secretariat in conjunction with the Human Resources Council, a forum for ministry and agency human resources directors, has completed a business case supporting the acquisition and implementation of a single, standard, government-wide human resources management information system. In December 1996 the Management Board of Cabinet approved a request to proceed with the initial implementation of the system, subject to confirmation of the final costs and approval of an implementation plan.

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MANAGEMENT BOARD SECRETARIAT - INVENTORY OF INFORMATION TECHNOLOGY ASSETS PROJECT - SECTION 3.12

BACKGROUND

In 1993 Management Board Secretariat paid a consulting firm \$4.225 million primarily to conduct a certified inventory count of the government's information technology assets. In 1995 we assessed whether good business practices were followed with respect to this project.

We found little evidence to suggest that the costs, risks and alternatives were explored in sufficient depth prior to the commitment of the funds. We made several recommendations relating to project justification, acquisition of consultants' services, project management and use of project results.

CURRENT STATUS OF RECOMMENDATIONS

The Management Board Secretariat reiterated that this particular 1993 project was atypical, both in the nature of the project and in the timeframes involved, and acknowledged that its normal good business practices were not followed in this instance. However, the Management Board Secretariat stated that for other projects it does follow appropriate practices with respect to project justification, acquisition of consultants, project management and use of results.

The audit committee of the Management Board Secretariat recently approved a recommendation to conduct an internal audit in 1997/98 to follow up specifically on our 1995 recommendations and to assess compliance with good purchasing practices.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING - NON-PROFIT HOUSING - SECTION 3.13

BACKGROUND

The Ministry of Municipal Affairs and Housing is responsible for the delivery of non-profit housing programs. Subsidies paid to non-profit housing providers such as cooperatives and private and municipal non-profit housing corporations to operate completed projects amounted

to \$769 million in the 1996/97 fiscal year. In 1995 we assessed the adequacy of controls over the selection, development, construction, operation and cost of housing projects as well as the Ministry's progress in addressing the concerns raised by both our previous audit in 1992 and by the Standing Committee on Public Accounts in 1993 and 1994.

Our further recommendations in 1995 included improving the systems and procedures needed to ensure that:

- funded housing providers comply with important program policies and objectives and that they are effectively governed;
- problem projects are dealt with swiftly and effectively;
- vacancies in units designated for market rent tenants are reduced and strategies are developed to minimize future vacancies in projects not yet completed; and
- the Ministry can provide the necessary information to foster public accountability, to better explain the costs of non-profit housing programs and to facilitate analysis of policy and cost reduction strategies.

CURRENT STATUS OF RECOMMENDATIONS

While progress has been made on all of our further recommendations, more work is necessary to ensure that they are fully addressed before responsibility for the administration of social housing is transferred to municipalities. The status of the above recommendations is summarized below.

MONITORING SUBSIDIES AND COMPLIANCE WITH PROGRAM REQUIREMENTS

An area of ongoing concern is the need for more timely reviews of group budgets, audited financial statements and annual information returns, together with any resulting subsidy adjustments. Although there has been improvement since 1995, as of February 1997 only financial statement reviews and settlements for the years prior to 1995 had been completed. Group budgets for 1996 had been reviewed and approved but 1997 budget guidelines had not yet been issued to groups. Delays continue to occur because of the late notification of government constraint guidelines and the late filing of information by groups.

In 1996 the Ministry, through its regional offices, began a program of operational reviews of groups receiving subsidies. The scope of these reviews includes reviewing board governance responsibilities and checking compliance with important program requirements such as those for tenant eligibility, rent determination and property maintenance. About 20% of the 1,300 groups receiving subsidies as of March 31, 1997 had been reviewed and the review procedures were being refined based on the lessons learned from these reviews. The scope and frequency of future reviews will depend on the timing and implementation of devolution to the municipalities.

Also in 1996 the Ministry, jointly with the Canada Mortgage and Housing Corporation, began a program of internal audits of the large municipal non-profit housing providers which own and manage some 27% of all units under subsidy.

PROBLEM PROJECTS

Revised procedures have been developed and communicated to regional offices to help them assess, report and act on projects in difficulty. To March 31, 1997, some 50 such projects have been identified and follow-up actions were being taken.

CONTROLLING VACANCIES IN MARKET RENT UNITS

The method of calculating subsidies has been revised to transfer the risk and cost of vacancies to the non-profit housing groups. This should encourage pro-active efforts to minimize vacancies. Groups are also required to report occupancy data to the Ministry annually. However, the Ministry has not systematically captured, summarized and reported this information to help assess the effectiveness of the program in meeting housing demand and objectives for the mix of tenants in subsidized projects.

With the cancellation of new project development in 1995, the risk of vacancies in new projects is no longer of concern to the Ministry.

MANAGEMENT INFORMATION

Several steps have been taken to improve the information available to manage the program and report on its results.

- Starting in 1996 group budgets are prepared, approved and summarized to separate the rent subsidy (the difference between market rents and what tenants can afford to pay based on their income) from the operating subsidy (the difference between operating costs and rental income assuming all units are rented at market rates). This information allows the Ministry to better analyze subsidy costs and to compare costs to other housing assistance policy options. Further system enhancements were under way to improve the ability to analyze and forecast subsidies and their components in time for the 1998/99 estimates process.
- The Ministry has implemented a system to track the mortgages of non-profit housing groups to coordinate competitive refinancing arrangements as the mortgages mature, better manage financing risk and improve the Ministry's ability to forecast the impact of interest rate changes on future subsidies.
- Benchmarks have been established based on an analysis of group operating costs and these benchmarks have been used to help improve equity in funding decisions. For example, subsidy constraints have been applied more heavily to groups that have incurred higher than average manageable costs, excluding mortgage payments and property taxes which groups cannot influence.

The Ministry does not yet have the means to determine whether the Program's tenant access objectives are being met. The Ministry was still developing a system to track related results from operational reviews and was planning a system for monitoring coordinated access systems established by communities to ensure that tenant access objectives were being met.

MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING - MUNICIPAL AFFAIRS - SECTION 3.14

BACKGROUND

A significant responsibility of the Ministry of Municipal Affairs and Housing is to administer the legislation that establishes and governs the approximately 800 municipalities in Ontario.

In 1995 we assessed the Ministry's efforts to: promote strong, fair, effective and accessible governance in municipalities; monitor the financial conditions of municipalities; and measure and report on its effectiveness in achieving legislated and stated goals and objectives. We recommended that the Ministry:

- work with municipalities and other ministries to more effectively define the respective roles and responsibilities of the province and municipalities, and provide more flexibility and efficiency in service delivery by focusing more on results and less on process;
- develop action plans to achieve the many financial, service and accountability benefits already identified by several studies of the impact of restructuring municipal services and organizations; and
- help strengthen government performance and accountability by encouraging more comprehensive performance reporting by municipalities of the quality and cost of services provided and improve the measurement and reporting of the Ministry's own effectiveness.

CURRENT STATUS OF RECOMMENDATIONS

The Ministry has made substantial progress in addressing our recommendations given the complex nature of the issues and the need for legislative changes to resolve many of them. The impact of many of the actions taken and under way will not take effect until January 1, 1998. The status of the most significant actions as of March 31, 1997 is as follows.

- The *Savings and Restructuring Act, 1996* was passed on January 30, 1996 to make it easier for municipalities to increase revenues and to restructure local services and organizations. Regulations to the Act clarify the Minister's approval powers and the level of local support needed for local restructuring proposals. There were seven fewer municipalities than in 1995 and there will be 29 fewer by January 1, 1998. Further reductions are anticipated given that some 350 municipalities were involved in restructuring projects.
- The *Better Local Government Act, 1996* was passed in December 1996 to remove legislative barriers that inhibited municipalities' ability to operate more efficiently. Changes include permitting municipalities to reduce the number of local politicians, simplifying local election procedures, improving borrowing and investment practices and limiting certain liability insurance risks and costs.
- In January 1997 the government announced the Who Does What proposals to significantly alter the ways many local government services and programs are funded and delivered by ministries and municipalities. The primary objectives of the proposals are to clarify respective roles and responsibilities, eliminate duplication and overlap and improve accountability. Discussions with the municipal sector to implement the proposals are ongoing.

- In March 1997 the Ministry released for consultation “A Proposed Legislative Framework” and draft legislation for a new municipal act to redefine the provincial-municipal relationship and to give municipalities more power and flexibility to operate efficiently and effectively. Municipal powers would be limited only to the extent necessary to protect broader provincial and public interests, particularly in the area of municipal finance.
- To strengthen local accountability the *Savings and Restructuring Act, 1996* also provides the statutory authority for the province to regulate performance reporting by municipalities to their electorates. In 1996 the Ministry, in conjunction with affected ministries and interested municipalities, began a municipal performance measurement project. Over 70 performance indicators that relate primarily to the efficiency of program and service delivery had been developed and were being tested for feasibility. Further indicators of service and program effectiveness are planned for development commencing in June 1997 so that comprehensive performance reporting by municipalities can begin in 1998.
- To improve consistency and comparability in municipal financial reporting, the Ministry has also worked with municipalities and the accounting profession to update municipal accounting principles to reflect the principles that have been promulgated by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. The Ministry intends to begin the phase-in of these accounting principles starting January 1, 1998. The Ministry has also taken steps to improve its procedures for monitoring the financial condition of municipalities and for taking corrective action when a municipality’s financial condition warrants some intervention.

To better demonstrate accountability for its own performance, the Ministry plans to publish its 1995/96 annual report in April 1997 and, like other ministries, has started to assemble performance measurement information related to its business plans. Further development of the Ministry’s own performance measures and more timely reporting of its results is required.

Recommendations that have yet to be addressed include the development of procedures for managing municipalities that are placed under supervision and the need to further revise municipal funding policies once the Who Does What initiative and related consultations with the municipalities have concluded.

MINISTRY OF NATURAL RESOURCES - AVIATION, FLOOD AND FIRE MANAGEMENT ACTIVITY - SECTION 3.15

BACKGROUND

The Ministry’s aviation, flood and fire management activities include the provision of aviation services to all government ministries, forest fire management services, and flood forecasting and warning to minimize the effects of water-related hazards.

In 1995 we assessed whether reasonable standards and procedures had been established for aviation services and for the prevention, detection and suppression of forest fires. We also assessed whether operations were carried out with due regard for economy and efficiency and whether procedures to measure and report on program efficiency and effectiveness were

satisfactory. We did not review the flood control program in view of its relatively limited budget and activities.

CURRENT STATUS OF RECOMMENDATIONS

Our recommendations focused on fire suppression, fire prevention and enforcement and aircraft operations. Recommendations relating to the following areas have been substantially implemented:

- Monitoring and Analyzing the Use of Staff Time;
- Determination of the Most Cost-effective Number and Location of Fire Attack Bases;
- Implementation of a Time Accounting and Reporting System for Pilots; and
- Improving the Inventory Controls for Aircraft Parts.

However, with respect to our other recommendations, the status of actions taken is as follows.

FIRE SUPPRESSION

Capacity Planning

Recommendation

The Ministry should define appropriate measures of fire-management capacity and use them to assess its own current capacity, and determine the most cost-effective combination of resources and organizational structures for fire management and take the necessary steps to achieve it.

Current Status

The Ministry has developed a “Level of Protection Model” which is being used to cost the initial fire attack by including various resource inputs such as fire bases, firefighters, helicopters and water-bombing aircraft. These costs are to be used to analyze capacity and to help work toward a more cost-effective program. In 1997/98 the Ministry will use this model in its land-use planning exercise to obtain a clear indication of the appropriate level of fire management.

Agreements with Municipalities and Federal Government

Recommendation

The Ministry should track the costs of fire suppression services provided to municipalities and the federal government. Rates for these services should then be adjusted in order to recover these costs.

Current Status

The Ministry expects to complete a redefinition of municipal agreements regarding funding by April 1, 1998. It is expected to result in a net reduction in cost to the province of between \$200,000 and \$500,000. The cost of services to the federal government will continue to be captured as stipulated in the existing agreement.

FIRE PREVENTION AND ENFORCEMENT

Performance Measurement of Fire Protection

Recommendation

The Ministry should monitor the effectiveness of its fire prevention programs and ensure that fire prevention efforts are effectively targeted and the type of activities undertaken are appropriate for the target group.

Current Status

The prevention program has taken a major directional change, emphasizing delivery through participants in the forest industry, the Ontario Forestry Association and the media. A new fire education strategy was completed in 1995 and its implementation is ongoing.

Allocation of Resources to Prevention

Recommendation

The Ministry should establish targets for prevention, for example to reduce the number of human-caused fires by a specific percentage, and better coordinate the suppression and prevention planning processes to relate the cost of fire prevention efforts to avoidance of fire suppression costs.

Current Status

The Ministry will incorporate prevention investments into the next generation of the “Level of Protection Model.” This model is being re-examined and verified as part of the Fire Management Business Plan. A completion date has yet to be determined.

Fire Investigation Practices, Fines and Cost Recoveries

Recommendation

The Ministry should take action to make fire investigations more timely and effective and should also make more vigorous efforts to recover firefighting costs in cases where the perpetrators responsible for forest fires are known, as permitted by law.

Current Status

The Ministry placed a high priority on fire investigations in 1996 and instituted a more active enforcement and prosecution process. The Ministry also strengthened its fire investigation capabilities in the 1996 fire season by establishing the necessity of fire investigation with regional staff and taking steps to improve the fire investigation process. However, planned audits of fire investigations were not possible in 1996 due to the large number of fires and a commitment to the Fire Business Review.

4.00

Permit Issuing and Inspection Practices

Recommendation

The Ministry should establish results-oriented objectives for the permit and inspection programs, and develop a risk-based inspection program for work and fire permits to ensure that licensees comply with the conditions of permit issuance.

Current Status

New fire regulations have resulted in a significant reduction in the number of fire permits issued and focus on preventing high-risk fires during significant burning periods. With the reduction in the number of permits issued, monitoring efforts will be streamlined and beginning in 1997 inspections will be risk-based.

AIRCRAFT OPERATIONS

Aircraft Utilization

Recommendation

To better utilize its aviation resources, the Ministry should review the composition of its fleet and continuously monitor the utilization of its aircraft .

Current Status

The Ministry has reviewed the utilization of its air fleet, and has assigned staff to manage aircraft and the implementation of a system to deploy or release helicopters in a more timely fashion. The Ministry is also in the process of evaluating aircraft management information systems and expects to have selected and implemented a system by April 1, 1998.

Aircraft Maintenance Operations

Recommendation

The Ministry should implement a time accounting and cost allocation system for maintenance staff, and determine the number of aircraft maintenance engineers required to service the Ministry's fleet.

Current Status

The implementation of an aircraft management information system by April 1998 is expected to facilitate time accounting and cost allocation. The Ministry has reduced the number of aircraft maintenance engineers and increased reliance on seasonal positions for short-term work.

MINISTRY OF NORTHERN DEVELOPMENT AND MINES - NORTHERN ONTARIO HERITAGE FUND CORPORATION - SECTION 3.16

BACKGROUND

The mandate of the Northern Ontario Heritage Fund Corporation (NOHFC) is to encourage the growth and diversification of the economy of Northern Ontario by providing financial assistance through a variety of programs.

Our 1995 audit assessed NOHFC's procedures for measuring and reporting on the effectiveness of its programs and whether key financial and management systems, and procedures and practices were in place to ensure that the fund was administered in accordance with funding guidelines and policies.

Our recommendations included proposing that NOHFC should:

- improve the measurement of the actual results of funded projects over time and report periodically on the effectiveness of its funding programs to prioritize and determine methods of funding future projects;
- improve the ongoing monitoring of funded projects to ensure compliance with funding requirements; and
- more thoroughly assess project proposals, especially for smaller dollar-value projects.

CURRENT STATUS OF RECOMMENDATIONS

The NOHFC has commenced action on all of the recommendations that we made in our 1995 report:

- A project-tracking system is in the development stage and is intended to enhance the monitoring of projects and the evaluation of their effectiveness.
- Ministry of Northern Development and Mines (MNDM) area teams have been established and with assistance from other ministry staff are to monitor NOHFC-funded projects and perform site inspections as required.
- With respect to project assessment, MNDM has developed a model for integrating regional economic activities in Northern Ontario. MNDM area teams have been established and partnership agreements are being signed between MNDM and other ministries. One of the functions of the area teams is to provide project analysis/assessment for NOHFC projects, with assistance from specialists in the other ministries.

4.00

MINISTRY OF THE SOLICITOR GENERAL AND CORRECTIONAL SERVICES - COMMUNITY SERVICES ACTIVITY - SECTION 3.17

BACKGROUND

The Community Services Activity is the responsibility of the Ministry's Correctional Services Division. The Activity provides supervision for offenders who are serving their sentences in the community under a probation order or parole certificate.

In 1995 we assessed whether the Ministry had adequate procedures in place to: ensure that offenders serving sentences in the community complied with the conditions of probation or parole; manage resources cost-effectively; and measure and report on the effectiveness of its community programs.

We found weaknesses in the supervision of offenders, the monitoring of staff workloads and the measuring and reporting of program effectiveness. We made a number of recommendations for improvement.

CURRENT STATUS OF RECOMMENDATIONS

The Ministry has taken action on all our recommendations made in 1995. Recommendations relating to the following areas have been substantially implemented:

- Compliance with Probation Conditions - Follow-ups and Documentation;
 - Reporting Conditions;
 - Restitution Conditions;
- Monitoring Performance; and
- Program Effectiveness

Action on our other two recommendations is ongoing as explained further below.

COMPLIANCE WITH PROBATION ORDER TREATMENT CONDITIONS

Recommendation

The Ministry should take appropriate action when probationers fail to comply with treatment conditions and should keep up-to-date information on the availability of treatment programs so that appropriate service levels for community programs can be maintained.

Current Status

Enforcement of treatment conditions remained problematic, especially with mentally disordered offenders. While the Ministry is exploring more effective actions, officers are under strict instructions to enforce all treatment conditions or seek a variation through the court if such conditions are considered unenforceable.

On an ongoing basis, area offices will be directed to establish local waiting lists for both medical/psychiatric and rehabilitation treatment programs in order to inform Crown attorneys and the courts of the availability of appropriate programming.

OFFICER WORKLOADS

Recommendation

The Ministry should establish workload standards and use them to analyze staffing so that staff can be deployed in a more cost-effective manner.

Current Status

The Ministry has developed and pilot tested a workload index which was designed to measure caseloads and workloads and assist in the analysis of staffing levels. Due to a recent reorganization of the Correctional Services Division, the introduction of the workload index across the Division has been scheduled for later in 1997.

4.00

MINISTRY OF THE SOLICITOR GENERAL AND CORRECTIONAL SERVICES - ONTARIO BOARD OF PAROLE - SECTION 3.18

BACKGROUND

The Ontario Board of Parole is responsible for deciding whether parole should be granted or denied to adult offenders who are serving sentences of less than two years in a correctional institution. Such offenders are eligible to apply for parole after serving one third of their sentences. Offenders who are granted parole serve the remainder of their sentences in the community under the supervision of parole officers.

In 1995 we assessed whether the Board had adequate procedures for making appropriate parole decisions and for measuring and reporting on its effectiveness in protecting public safety and facilitating the reintegration of offenders into the community. We recommended that the Board improve the quality of its parole decision-making process by obtaining sufficient information, using more objective risk-assessment tools, providing better training to its members and taking corrective action where necessary. We also recommended that the Board develop better measures to assess and report on its effectiveness.

CURRENT STATUS OF RECOMMENDATIONS

The Board has taken action on all of the recommendations made in our 1995 report. Recommendations relating to the following areas have been substantially implemented:

- Sufficient Information;
- Risk Assessment;
- Documenting Parole Decisions; and
- Performance Measures.

Action on our other two recommendations is ongoing as explained further below.

MONITORING AND TRAINING OF BOARD MEMBERS

Recommendation

To improve the quality of members' decision-making, the Ontario Board of Parole should systematically monitor the parole decision-making process and take corrective action, including additional training, where necessary.

Current Status

Random reviews of parole decision case files have now been integrated as ongoing activities of the Board. In addition, all offenders committing a Level 1 offence while on parole continue to be reviewed jointly with the Ministry of the Solicitor General and Correctional Services. These reviews are used for monitoring compliance with Board policies and procedures, the adequacy of relevant information and the quality of parole decisions.

In conjunction with the Ministry, the Board has developed a systemic review process as a proactive measure to continually improve and refine parole decision making. The process for conducting systemic reviews is being field tested by the Ministry's Correctional Services Division and the Board.

The Board has identified a number of areas where enhanced training would improve the quality of its members' decision making. The Board is currently providing training to members in these specific areas.

SHORT-TERM OFFENDERS

Recommendation

The Board should work with the Ministry to maximize the use of cost-effective solutions to reintegrate low-risk offenders into the community.

Current Status

The Board and the Ministry have assigned a working group to review the issue of an integrated conditional release authority with the objective of recommending a model that will reduce program overlaps, improve efficiency in service delivery, improve program utilization, and more effectively identify and return low-risk offenders to the community. A report from the working group is expected to be finalized later in 1997.

In 1996 the Ministry implemented electronic monitoring as an option under the temporary absence program. The effectiveness of this option is yet to be assessed.

MINISTRY OF TRANSPORTATION - QUALITY AND STANDARDS ACTIVITY - SECTION 3.19

BACKGROUND

The Ministry of Transportation develops standards and regulations for the design, construction and maintenance of roads and related structures. The Ministry also develops standards with respect to other areas such as road safety, environmental issues and the acquisition of materials and services.

Our 1995 audit assessed procedures established by the Ministry for the development of appropriate standards for design, construction and maintenance of a safe, efficient and economical roadway network. We also assessed the adequacy of the Ministry's procedures to ensure that current standards were being implemented and whether procedures to evaluate and report on program efficiency and effectiveness were adequate.

4.00

CURRENT STATUS OF RECOMMENDATIONS

Our recommendations focused on road design, construction and maintenance standards, the implementation of ministry standards and municipal roads accountability. The status of actions taken with respect to our specific recommendations is as follows.

DESIGN, CONSTRUCTION AND MAINTENANCE STANDARDS

Life-cycle Costing

Recommendation

The Ministry should develop improved life-cycle costing procedures and incorporate life-cycle costing analyses into its design and construction decisions.

Current Status

The Ministry implemented life-cycle costing procedures in January 1997. A study to refine the life-cycle costing methodology is currently under way and is funded jointly by the Ministry and the asphalt and concrete industries. The study is to be completed by the fall of 1997.

New Materials and Technologies

Recommendation

The Ministry should ensure that cost-effective materials and technologies identified through its research efforts are incorporated into the Ministry's standards on a timely basis.

Current Status

A number of applications for advanced composite materials are being field tested by the Ministry. For example, the construction of a bridge has been completed using steel-free deck slabs and barrier walls with carbon fibre reinforcement. Additionally, the Ministry has completed the final draft of a bridge code section on fibre-reinforced structures which will be presented to the Canadian Highway Bridge Design Code technical committee for publication in October 1997.

In 1996 a full-scale trial of stone mastic asphalt (SMA) pavement overlay was completed on a 10-kilometre stretch of the eastbound Highway 401. In 1997 the Ministry will resurface the westbound lanes using conventional technologies. The performance of the two processes will be monitored and compared over the next five years to validate performance predictions for SMA under Ontario conditions.

IMPLEMENTATION OF MINISTRY STANDARDS

Compliance with Construction Standards

Recommendation

The Ministry should institute more comprehensive documentation, including checklists, to ensure that all applicable construction standards have been complied with.

Current Status

The Ministry experimented with quality assurance mechanisms in 1996 and is transferring full responsibility for quality control to contractors beginning in the 1997 construction season. Contractors will be required to adequately document their testing and the Ministry will perform audits to ensure compliance.

Testing Compliance with Construction Specifications

Recommendation

In order to assess compliance with construction specifications, the Ministry should institute the necessary testing procedures and maintain adequate documentation to demonstrate that all construction complies with design specifications.

Current Status

More restrictive requirements were introduced for trials in 1995 and 1996. Various improvements in testing techniques and accuracy will be in place for the 1997 construction season. New test limits are also to be included in all 1997 construction contracts.

End-result Specifications

Recommendation

The Ministry should expand the use of end-result specifications, including performance-based specifications, and thereby make contractors more accountable for the quality of their work.

Current Status

The Ministry is moving toward implementation of performance-based specifications for all aspects of material utilization and acquisition. Conversion to end-result specifications will be completed for 80% of the dollar value of materials accounted for in the 1997 construction projects. Work is under way to complete the conversion to end-result specifications for lesser-value materials in the 1998 and 1999 construction seasons.

Warranties and Penalties

Recommendation

With due regard to the difficulties of measuring performance, the Ministry should strengthen penalty provisions and implement warranty requirements which provide an effective deterrent against substandard work.

Current Status

All construction contracts now contain a one-year general warranty that requires the contractor to repair any failures. All 1997 surface-treating contracts are to have a two-year performance warranty. However, for longer-term warranties the Ministry is encountering strong reservations from the financial sector which provides performance bonds. Consequently, only seven of the approximately 100 contracts for the 1997 construction year have warranties in excess of two years.

The Warranty Task Force established by the Ministry has determined that warranties are suitable for only a limited number of products where measurable performance criteria can be developed for assessment during the warranty period. The Ministry is continuing to explore the use of warranties but is finding that other types of specifications such as end-result specifications are more appropriate for highway work.

Management Information Systems

Recommendation

The Ministry should develop and integrate the construction and maintenance databases required to more effectively manage its road network.

Current Status

The Integrated Highway Inventory System is the key system to link various databases. Protocols for linking have been agreed to and work is progressing on system implementation. However, implementation is progressing more slowly than originally planned due to funding restraints. Partial implementation is expected by March 1998.

MUNICIPAL ROADS ACCOUNTABILITY

Recommendation

The Ministry should ensure that municipal roads are built to appropriate service-level standards, including due regard for cost effectiveness.

Current Status

In January 1996 the responsibility for funding municipal roads was transferred from the Ministry of Transportation to the Ministry of Municipal Affairs and Housing. The new funding arrangements remove many of the constraints which were placed on municipalities regarding the management of roads under their jurisdiction.

The Ontario Good Roads Association has established a committee, with Ministry and municipal representatives, to develop generally accepted industry standards for road construction. The Ministry is also working closely with the Association and municipal representatives to establish a set of municipal maintenance and service-level standards.
