



Volume 1, Chapter 3.11—Oversight of Time-Limited Discretionary Grants 2019 Value-for-Money Audit

Why We Did This Audit

- In March 2016, the province made the use of its Grants Ontario System mandatory for administering all project-based/time-limited grant programs.
- The system was expected to create administrative efficiencies and to share recipient information across government for better decision-making.

Why It Matters

- The province provides about \$3.9 billion annually in time-limited discretionary grants to third parties to pay for activities that benefit the public.
- Time-limited discretionary grants, managed effectively, can be important for providing activities that benefit the public and helping the government achieve its public policy objectives.
- The grant programs support recipients in all sectors including businesses, not-for-profits, municipalities and First Nations.

What We Found

- Time-limited discretionary grants are not clearly identified for legislators in the estimates to use to make informed funding decisions in times of fiscal constraint or changing government priorities. The government does not have a centralized list of time-limited discretionary grants and there is no clear or consistent understanding and reporting of discretionary grants across the ministries.
- Some ministries are still not using the mandatory Grants Ontario System and most ministries are not using all key system components. As of September 2019, the expected benefits have not yet been achieved, as only 53% of the time-limited grant programs have implemented the mandatory system. The other 47% of grants were still being managed by different systems in place across the various ministries that in 2017/18 cost about \$45 million to operate.
- User satisfaction with the Grants Ontario System was low. According to the latest surveys in 2018, 41% of ministry users and 51% of external users found it difficult to navigate the system.
- Some grant recipients did not meet evaluation criteria, but were awarded funding under the discretion of Ministers. Over the last four years, the Ministry of Heritage, Sport, Tourism and Culture Industries awarded \$8.4 million in grants to about 200 recipients for various festivals and events. There were instances where other applicants were not selected even though they scored higher.
- Most grant programs do not consider an applicant's need for funding during the selection process. Only two of the 15 grant programs we reviewed considered the need for grant funding.
- Ministries mostly rely on recipient self-reported information to assess whether the recipients used grant funding as intended. Based on our review of 15 grant programs, ministries were receiving project-specific financial information for 13 grant programs. However, only three programs required recipients to provide audited financial information. In 2017/18, the Ministry of Heritage, Sport, Tourism and Culture Industries excluded 50% of performance results reported by recipients for the Celebrate Ontario program because they were deemed unreliable. For example, some recipients reported that the increase in visitors to their events exceeded the total number of visitors to their events.
- Grant programs we reviewed generally contained performance measures but lacked performance targets, and results were not being reported publicly. For the majority of grant programs tested, the measures were primarily activity-based rather than outcome-based.

Conclusions

- The Treasury Board Secretariat has not clearly defined time-limited grants and there is no central list cataloguing all the grants available and their details. The process for managing and monitoring these funds is fragmented and ineffective.
- Because the Grants Ontario System has not been widely adopted, expected efficiencies and benefits of the system have not been realized.
- For the grants we reviewed, ministries were not adequately monitoring grant recipients to ensure funds were spent as intended and grant activities funded were taking place effectively. Furthermore, performance measures established for grant programs were not sufficient to assess whether grant programs were meeting their objectives.

Read the audit report at www.auditor.on.ca