

Summaries of Value-for-Money Audits

Assisted Living Services

In 2020/21, about 23,100 Ontarians—primarily seniors but also people with health conditions such as physical disabilities, acquired brain injury and HIV/AIDS—received assisted living services. These publicly funded health-care services consist of home-based help, including personal support services such as feeding and toileting; homemaking services such as meal preparation and laundry; and calls or visits to check on the client’s health and safety. The services are aimed at people who are at risk of emergency room visits or admission to long-term care, making this program an important initiative to keep Ontarians at home for as long as it is safe to do so. A prominent feature of this program is the potential for clients to receive 24/7 unscheduled service visits.

The Ministry of Health (Ministry) sets policies and provides funding for assisted living services through Ontario Health, a Crown agency established in June 2019 to oversee an integrated health-care system. Before April 1, 2021, Local Health Integration Networks were involved in delivering the program. These responsibilities transferred to Ontario Health, and Home and Community Care Support Services organizations on April 1, 2021. In 2020/21, the Ministry provided about \$389 million to 182 not-for-profit, primarily community-based assisted living agencies to deliver these services. About 63% of clients received assisted living services in an assisted living building and about 37% received services in the community.

The audit found that the Ministry has not effectively leveraged assisted living services to improve the performance of the overall health system for Ontarians by reducing costs, or identifying opportunities to improve quality of care. The lack of integration of assisted living services with other services such as home care and long-term care, and the lack of knowledge transfer between programs mean that clients may not be getting the right types of services or levels of care that they need.

Some of our significant findings include:

- Awareness of assisted living services is low. Neither the Ministry, many of the health regions, nor Ontario Health had tracked where assisted living services were provided, and stakeholders had little information about the types of services provided and who was eligible to receive them.
- The Ministry has not assessed whether assisted living services are meeting the needs of vulnerable adults. The Ministry introduced its policy for non-senior groups, including adults with physical disabilities, an acquired brain injury or HIV/AIDS in 1994 and has not assessed whether it still meets the needs of these groups now, 27 years later. Many people who require assistance such as home-making personal care and health and safety checks may be at risk due to a lack of clear responsibility for oversight of publicly funded assisted living services.
- Depending on the location, either a health region care co-ordinator or an assisted living agency

assesses clients for service eligibility. A centralized service through the health region would provide greater consistency and eliminate potential bias of assisted living agencies. As well, health region co-ordinators would be able to assist clients in accessing other levels of care more appropriate to their needs, such as home care or long-term care.

- Other related government programs relevant for many assisted living clients exist, but access to them is not co-ordinated. The Ministry has not worked with other ministries to determine whether the services provided are equitably available to all Ontarians according to their needs and do not duplicate services they already receive.
- The Ministry has not obtained and analyzed demographics and other available information, such as wait lists, to help inform current and future investments in assisted living in relation to other health programs.
- Vulnerable clients have few means of advancing complaints. Assisted living agencies are responsible for addressing complaints about their own services, and little third-party oversight is provided to ensure that the complaint resolution process is fair.
- In more than 140 assisted living buildings, assisted living agencies operate as both landlord and care provider to clients, despite the risk of abuse these arrangements present. Since 1994, it has been the Ministry's policy that service delivery should not include housing management, yet there are no additional procedures to guard against the types of risks associated with these arrangements.

Cardiac Disease and Stroke Treatment

Cardiac disease and stroke comprise the majority of cardiovascular disease, which is the second most common cause of death in Canada after cancer and is responsible for over 200,000 emergency department visits a year in Ontario. The Ministry of Health (Ministry) provides annual funding of about \$1.1 billion to hospitals to perform cardiac and stroke procedures and provide in-hospital care for cardiac and stroke

patients. These are performed primarily at 20 cardiac centres and 28 stroke centres throughout the province.

CorHealth Ontario (CorHealth), established in 2016, is responsible for providing evidence-based guidance as well as monitoring and reporting on the performance of cardiac, stroke and vascular services in Ontario. The Ministry is transitioning CorHealth from a standalone agency to a division within Ontario Health, the agency that oversees administration of the Ontario health-care system, with a targeted completion date in late 2021/22.

We found that cardiac disease and stroke treatment is generally being provided in alignment with best practice standards and guidance, and that overall mortality following cardiac and stroke events in Ontario is similar to or better than the average of the other Canadian provinces. However, the Ministry, in association with CorHealth and health-care providers, does not have fully effective systems and procedures in place to provide cardiac and stroke services in a timely, equitable, and cost-efficient manner and in accordance with applicable standards, guidelines and legislation. Provincial treatment-time targets for emergency cardiac and stroke procedures, which yield better outcomes for patients and reduced in-hospital mortality, have not been met.

For cardiac disease treatment, urgent and emergency procedures were generally done within the treatment-time targets. Such targets were met less often for emergency procedures for heart attacks as well as semi-urgent and non-urgent scheduled procedures. Also, there has been an increase in the number of people on wait lists for those procedures, the length of time they are waiting, and the number of people who die while waiting.

As for stroke treatment, the longer it is delayed, the more permanent brain damage is expected. The target for endovascular thrombectomy, an emergency procedure to physically remove a blood clot from a large vessel in the brain, is within 60 minutes of arriving at hospital. However, this target has never been met province-wide since tracking started in 2017/18. The actual time until procedure has ranged from 81 minutes in 2017/18 to 75 minutes during

the first two quarters of 2020/21. In 2020/21 the Ministry stopped funding a public campaign that had positive results in improving public knowledge about the three key signs of stroke and the need to call an ambulance quickly.

Other significant findings are the following:

- During the five years before the COVID-19 pandemic, wait lists for cardiac procedures grew about 44% (from 5,450 patients on average in 2015/16 to about 7,850 in 2019/20) and the number of patients dying while on a wait list grew about 42% (from 147 to 209). During the pandemic, the number of patients waiting for cardiac procedures grew further by over 6%, and the number dying while on a wait list increased by over 10%.
- Between the second quarter of 2017/18 and 2020/21, fewer than 60% of heart attack patients received primary percutaneous coronary intervention (PPCI), an important emergency procedure, within the target times.
- Additional actions, including greater use of a specific diagnostic imaging software by hospitals, are needed to increase the number of stroke patients who can benefit from endovascular thrombectomy.
- A more accurate, non-invasive, and cost-effective diagnostic test for coronary artery disease is not widely used in Ontario, despite medical expert recommendations. Starting in 2016, experts in the United Kingdom and United States have recommended that the first diagnostic test used for certain patients with non-urgent chest pain should be computerized tomography coronary angiograms (CT-angiogram). Only one Ontario hospital regularly uses CT-angiograms to diagnose coronary artery disease.
- Patients with suspected stroke who go to a hospital on their own, such as when transported by a family member, may unknowingly go to a hospital that is not well suited to treat a stroke. In 2020/21, about 30% of patients (over 11,900) presented to such hospitals.
- While many cardiac disease and stroke patients are well enough to no longer require care in acute hospital beds, they still stay in acute hospital beds

while awaiting transfer to a more appropriate setting, such as an inpatient rehabilitation setting or a long-term-care home. In 2019/20 alone, if such patients had been transferred to the more appropriate care setting, we estimate that the province would have achieved health system cost savings of over \$150 million.

- CorHealth does not have the oversight authority to improve the overall cardiac disease and stroke care system. Unlike comparable organizations such as Cancer Care Ontario, CorHealth does not have power to require hospitals to follow standards it establishes or adopt best practices.

COVID-19 Economic Response and Supports for Businesses

Ontario's public health restrictions intended to curb the spread of COVID-19 required many businesses to temporarily close, operate at limited capacity, or implement public health measures. Thirty-eight percent of businesses in the arts, entertainment and recreation sectors remained closed from the start of the pandemic until January 2021, while three-quarters of accommodation and food services businesses have been only partially operational. In January 2021, Statistics Canada reported that only one-third of Ontario businesses remained fully operational since the start of the pandemic.

To alleviate the pandemic's impact, the province announced, as of March 31, 2021, \$50.9 billion in financial support to be distributed from 2020 to 2024. The funding was split between the health-care sector and the economy, with \$11.42 billion earmarked for businesses.

Leading the province's economic response was the Economic Response Structure, made up of the Premier and Cabinet along with supporting tables and committees. This structure ultimately determined which businesses were deemed essential and what programs were needed to help businesses operate through public health restrictions.

Our audit looked at five programs that provided financial supports to businesses during the pandemic,

with total approved funding of just over \$4.5 billion as of July 31, 2021. Approximately \$3.4 billion (or 76%) had been paid out as of July 31, 2021. The ministries of Economic Development, Job Creation and Trade; Energy; Finance; and Government and Consumer Services are responsible for the design and delivery of these programs.

We found that the province did not use effective and efficient systems and procedures to make informed and co-ordinated decisions. Ontario did not have an overall strategy in its economic response to the pandemic and did not establish short- or long-term objectives for its economic support programs. There was no way to determine the impact of each program because the ministries did not establish outcome-based measures for the programs we audited. There is also limited information available to determine how decisions were made on response measures or the essential business list, as the advisory tables and committees in the Economic Response Structure did not formally document their discussions or recommendations to Cabinet.

The following are some of our specific concerns:

- The province focused on speed rather than trying to ensure applicant-reported information was authentic and applicants were eligible. The Ontario Small Business Support Program implemented key controls to identify or prevent payments to ineligible businesses well after the program launched. The Economic Development Ministry also failed to identify actual, potential or perceived conflicts of interest as defined by contracts under the Ontario Together Fund. IT controls for the Property Tax and Energy Cost Rebates program could not capture potentially ineligible payments—validation controls were applied after the program had launched.
- In August 2021, the province wrote off over \$210 million paid to 14,500 ineligible recipients in the Ontario Small Business Support Grant program, identified through third-party contractor reviews performed during the course of the program. At the time of our audit, the ministries were still examining 212 additional recipients who could be ineligible.
- Businesses that did not qualify for the Property Tax and Energy Cost Rebates program received \$16 million. At the time of our audit, the Finance Ministry and the Energy Ministry had recovered \$850,000, or about 5.3% of the ineligible payments.
- Financial support received through the Ontario Small Business Support Grant was not proportional to the businesses' revenue losses. Some businesses received more than they lost. Over 51,000 recipients received more than \$939 million in grants in comparison to their total reported losses of \$225 million, or \$714 million more.
- The Ontario Small Business Support Program was not accessible to the hardest-hit sectors due to strict eligibility criteria. Only businesses that were required to close or significantly restrict services due to the province-wide shutdown were eligible for supports. Other businesses that nonetheless experienced significant revenue declines did not receive supports. Under the Property Tax and Energy Rebates program, only \$340 million was paid to businesses out of \$905 million approved for the program. The rationale for the \$1,000 grant maximum under the Main Street Relief Grant (Personal Protective Equipment Rebates) was unclear. Only 18% of the budgeted commitments were actually paid out.
- Monitoring for projects under the Ontario Together Fund, which paid recipients up to \$2.5 million to produce or develop COVID-19 emergency response solutions like ventilators, sanitization or PPE, was inconsistent. As a result, one project failed due to bankruptcy. Fifteen or 28% of the 54 projects had been delayed in various stages. The Economic Development Ministry approved a total of \$15.8 million in funding for these delayed projects; \$9.7 million had already been paid out to businesses by July 31, 2021. The province did not inform business owners in advance of publicly announcing restrictions to business operations. This meant businesses did not have sufficient time to prepare for closing and re-opening their operations, in some cases further contributing to financial losses.

COVID-19 Personal Protective Equipment Supply

Personal protective equipment (PPE) helps prevent exposure to infectious diseases or other hazards. PPE comprises wearable equipment such as aprons/coveralls/gowns, face shields/goggles, gloves, masks, respirators, hair covers and boot covers. In 2004, the then Ministry of Health and Long-Term Care released its first iteration of the Ontario Health Plan for an Influenza Pandemic (Health Pandemic Plan) recommending that health-care providers maintain a four-week supply of PPE for emergency situations. The then ministry was to acquire and maintain an emergency provincial PPE stockpile that could last health-care providers an additional four weeks over and above their own supply. This was to be a last-resort emergency option for health-care providers once they had exhausted their own supply and were unable to secure additional PPE quickly from their suppliers.

Our audit confirmed that at the start of the COVID-19 pandemic Ontario was unprepared to respond with sufficient PPE as a result of long-standing issues identified but not addressed by the Ministry of Health. The Ministry had not maintained a sufficient centralized emergency PPE stockpile, leaving the province with minimal usable PPE inventory to distribute in a time of acute need—the Ministry received over 1,600 requests for PPE between February 5 and March 18, 2020. At the time, Canada did not manufacture significant amounts of PPE. Ontario imported most key items of PPE.

There was no legislated requirement for the province to monitor whether individual health-care providers maintained sufficient supplies of PPE as recommended under the Health Pandemic Plan. Provincial plans were under way to centralize procurement but were not in place when the pandemic emergency was declared in Ontario. As a result, the province had to develop new ways of procuring PPE and obtaining province-wide information on PPE consumption rates, needs and availability during the pandemic.

The following are some of our significant findings:

- Most PPE in the provincial emergency stockpile had expired by 2017. Our 2017 audit of Emergency Management in Ontario publicly reported that more than 80% of the pallets of stockpiled PPE supplies had already expired and the Ministry had begun destroying the PPE without replacing it.
- The Ministry did not have complete and consolidated information on PPE availability and use in the health-care sector at the start of the pandemic to enable informed decisions. It had to create new reporting channels to obtain this information. In January 2020 it contacted health-care providers to obtain this information voluntarily from them, and contacted suppliers for information on supply. On March 27, the Minister of Health issued an order under the *Health Promotion and Protection Act* requiring health-care providers to report the quantity of PPE they had, their PPE consumption rates and forecasts of future supply levels.
- The Ministry's PPE data collection and analysis, procurement, storage and distribution systems were not ready for a pandemic. Recognizing that the provincial emergency stockpile had mostly expired, that the health-care sector had significant PPE procurement needs beyond the quantity on hand, and that the Ministry did not have sufficient procurement experience or the ability to respond quickly in a competitive environment, the Ministry and Ontario Health informally partnered with the University Health Network (UHN) to help procure PPE for the provincial emergency stockpile. On March 19, 2020, the Ministry and Ontario Health also partnered with the Ministry of Government and Consumer Services and two health-sector shared services organizations to consolidate planning, sourcing and monitoring of PPE.
- Beginning in April 2020, the Ministry of Government and Consumer Services assumed responsibility for procuring and distributing PPE to non-health-care facilities. Recently purchased PPE supplies have been shared between the two ministries during the pandemic to meet the needs of all sectors.

- PPE was allocated in accordance with a newly developed Ethical Allocation Framework. However, the province did not publicly and transparently communicate how it was allocating the scarce PPE stocks, or how and whether it used the newly developed Ethical Allocation Framework to guide allocation decisions. Yet one of the key principles in the development of this framework was to foster trust, which should be achieved by communicating the framework and the rationale behind the decisions in a clear, transparent and timely manner.
- Health-care workers were not always properly protected with PPE. Orders for PPE violations issued by the Ministry of Labour, Training and Skills Development to health-care providers (including long-term-care homes and hospitals) increased tenfold, with 229 orders issued in 2020 compared to 22 in 2019. Violations resulted from insufficient training of employees by employers on how to properly wear, use and store PPE during work breaks, and employees' lack of access to appropriate PPE when required.

Financial Reporting of School Boards in Ontario

The Ministry of Education is responsible for overseeing the financial health of Ontario's school boards and how they make use of their funding. In 2019/20, the Ministry provided the province's 72 district school boards and 10 school authorities with \$25.6 billion to administer elementary and secondary education programs. The *Education Act* (Act) requires the boards' treasurers to prepare annual financial statements covering the school year (September 1 to August 31). These must be audited, submitted to the Ministry and made publicly available on each board's website within six months after the school year-end. The Ministry reviews the audited financial statements to confirm that school boards are compliant with the Act. Parents, guardians and the public can use them to evaluate the quality of school board financial management in their region.

Our review found that the Ministry has processes in place to review the school boards' financial submissions. For example, it reviews changes in financial results year-over-year, requests explanations from school boards for significant variances, and monitors submissions to ensure that school boards comply with legislated limits on in-year deficits. The Ministry also issues illustrative financial statement note disclosures to school boards annually. We also found that school board financial statements are prepared consistently with Canadian public sector accounting standards (Canadian PSAS).

Other significant findings are as follows:

- The accounting framework disclosed in school board financial statements does not reflect that they are prepared in accordance with Canadian PSAS. In our view, school boards should state that their financial statements are prepared in accordance with Canadian PSAS, and not with the accounting framework legislated by the province in 2011 to resolve a difference in interpretation. Referencing a legislated accounting framework reduces the perceived comparability of school board financial statements to other public sector entities and Canadian jurisdictions, and can confuse some users.
- Only one school board included a detailed description of the nature of education property tax revenues. Collectively, school boards used 11 different terms, such as "municipal grants" and "provincial grants in lieu of taxes," to refer to property tax revenue in their financial statements. Property taxes contribute approximately \$7 billion or 29% of total provincial funding to school boards.
- Financial statements of 16 school boards did not receive a "clean opinion" in 2019/20 (18 in 2018/19) because auditors were unable to determine whether fundraising revenue was complete. Unaudited school fundraising revenue for these 18 school boards totalled \$31.4 million in 2018/19 and \$16.2 million in 2019/20. These school boards received qualified opinions because they did not have adequate documentation and controls in

place for auditors to verify the completeness of their cash fundraising information.

- In the 2018/19 fiscal year, 27 school boards did not disclose the lenders of their loans, which totalled approximately \$2.4 billion. Another eight school boards did not disclose details of their \$222 million in investments. Failure to disclose this information means that the Ministry and other users could not use the audited financial statements to evaluate school boards' compliance with all debt and investment regulations.
- Nine school boards incorrectly accounted for their school bus transportation partnerships in 2018/19 and 2019/20. Seventy-one school boards have entered into 33 partnership agreements to provide school bus transportation services to students. These agreements are considered to be "government partnerships" under Canadian PSAS. Nine school boards accounted for their transportation partnership incorrectly, including a \$26 million overstatement of expenses for the two school boards that fully consolidated their partnership interests. The remaining seven school boards understated their assets, liabilities, and in some cases revenues, by not recording their share of the partnership's financial results.
- The province does not consolidate the Ontario School Boards' Insurance Exchange (OSBIE), which is collectively controlled by 79 school boards. Canadian PSAS requires the financial results of controlled entities to be fully consolidated in the province's statements. OSBIE was established in 1987 to provide general liability insurance to Ontario school boards and has since evolved to provide property insurance, cyber insurance, fleet automobile insurance and others. The province has not historically reported in its consolidated financial statements OSBIE's financial results, which include \$128 million in net assets and \$11 million in comprehensive income as of December 31, 2020, and for the year then ended, respectively.

Homelessness

The first and only province-wide count to collect data on people experiencing homelessness in Ontario was conducted in 2018 by municipalities. This count identified more than 21,000 people experiencing homelessness in Ontario. A report by the Association of Municipalities of Ontario in 2019 noted that, on any given night, approximately 9,600 Ontarians experience "visible" homelessness such as living in shelters. Around 90,000 Ontarians experience this type of homelessness throughout the course of a year. Further, the report estimated that as many as 80% of Ontario's homeless population experiences "hidden homelessness" such as couch surfing, sleeping in abandoned buildings or camping under bridges and in remote locations.

Most of the work being done to tackle homelessness is city-specific. The resulting patchwork of data makes it difficult to systemically understand the state of homelessness in Ontario.

According to Statistics Canada, housing is considered affordable when it does not exceed 30% of an individual's pre-tax income. Social assistance, the primary source of income for people who are homeless or at imminent risk of homelessness, generally does not cover the average market rent of a one-bedroom apartment in the province. As of December 2020, municipalities cumulatively reported that 211,419 households were waiting for social housing in Ontario.

Our audit found that over the past 10 years, the province's approach to preventing and reducing homelessness has been fractured. Although five ministries have put forward at least 14 strategies related to homelessness, the strategies are not co-ordinated or focused on homelessness itself. The government's latest Poverty Reduction Strategy, released on December 16, 2020, does not contain a goal to end homelessness, and only indirectly addresses areas that may help to prevent and reduce it, such as connecting people to employment supports and references to other government initiatives.

Over the last five years, the Ministry of Municipal Affairs and Housing (Ministry) spent an average of \$356 million annually on programs related to homelessness for operating purposes, including the Community Homelessness Prevention Initiative, Home for Good program and the Indigenous Supportive Housing Program. Housing and homelessness-related programs and services are a local responsibility, delivered primarily through Ontario's 47 municipalities and two Indigenous Program Administrators. These provide some services directly, but transfer the majority of provincial funding to third parties.

Our other significant findings are as follows:

- The Ministry does not evaluate the quality of services and supports delivered by municipalities, the Indigenous Program Administrators and the third parties they contract with. Municipalities do not have sufficient consolidated information confirming whether people who are homeless are receiving needed supports and services.
- The province's lack of action to support people transitioning out of correctional facilities, health-care facilities and the child welfare system contributes to the number of people who are homeless. Although the need for co-ordinated processes in these situations is recognized, the province has no formalized plans, processes or procedures to prevent people from leaving these facilities and systems without stable housing.
- Of all types of congregate living settings in existence across the province, with the exception of long-term-care homes and retirement homes, homeless shelters were by far the most impacted by COVID-19. As of September 2021, shelters had a cumulative incident rate of just over 33% for all people residing at a homeless shelter. Municipalities reduced the number of regular shelter spaces to accommodate physical distancing. They provided temporary shelter spaces in motels and hotels, but some reported an increased number of people living outdoors in contravention of municipal law. Municipalities told us that they chose to clear encampments as a last resort, noting that encampments were cleared only once everyone had been offered safer inside space and notice had been provided.
- Five municipalities were not selected by the Ministry of Municipal Affairs and Housing to receive Home for Good funding despite having overall higher scores than others that did receive funding. Despite submission of a business case by municipalities that was scored under a selection process, five municipalities—Kingston, Windsor, Wellington, County of Grey and London—were not selected. Decisions by senior Ministry officials for the final funding selections were not documented. This approach is not in accordance with the Transfer Payment Accountability Directive, which requires that funding decisions be documented.
- Since 2013, the Ministry has allocated at least 50% of funding based on historical amounts rather than local need. Moreover, the other half of the funding model is primarily based on Statistics Canada data that is at least a decade old.
- The Ministry requires that all municipalities begin maintaining a list of people experiencing homelessness and their related needs by the end of 2021, but this new list does not guarantee that the people most in need will receive housing first.

Inspection and Maintenance of the Province's Bridges and Culverts

The Ministry of Transportation is responsible for inspecting, maintaining and repairing approximately 3,000 bridges and 2,000 large culverts (tunnels carrying a stream or open drain under a road) located on provincial highways and in northern areas of the province. Under the *Public Transportation and Highway Improvement Act, 1990*, the bridges must be inspected every two years using the Ontario Structure Inspection Manual (OSIM). These visual inspections assess the bridges' depreciation for capital maintenance planning and ensure they are kept safe and in good repair. Depreciation does not equate to a reduction in safety. If a safety issue is identified upon inspection, a repair crew is called immediately to fix the problem.

At the time of our audit, 89% of Ontario provincial bridges were in good condition, meeting the province's goal of 85% of bridges being in good condition at all times. As well, 10% of bridges were assessed to be in fair condition. The 1% assessed to be in poor condition indicates that capital maintenance for these bridges is needed within a year, but they are not of any safety concern.

Each of the province's five road network regions has an office staffed with Ministry engineers; about half of the inspectors who conduct two-year inspections are Ministry staff and the rest are contractors. Inspectors enter data for the Ministry's Bridge Management System, and the system calculates the Bridge Condition Index (BCI). The BCI and inventory information are uploaded into the Asset Management System, which generates individual bridge rehabilitation needs and expenditure requirements for capital planning. Ministry staff calculate a modified BCI value for each bridge after considering elements that are critical to bridge safety.

Since 2007/08, the Ministry of Transportation and the Ministry of Northern Development, Mines, Natural Resources and Forestry have budgeted over \$7.5 billion on the maintenance, operation and expansion of Ontario's network of transportation structures, mainly bridges and culverts. Annual funding increased by over 700%, from \$93 million in 2007/08 to \$754 million in 2021/22.

The following are some of our significant findings:

- The Ministry performs inspections every two years on every bridge it is responsible for, as required. However, the OSIM does not provide a uniform inspection approach for all structures, and it lacks a standard response protocol for structures affected by, or at risk from, flooding. When guiding inspectors in how to record the material condition of a structure, the OSIM does not use quantitative measurements of the degradation, and instead uses less precise qualitative descriptions.
- There are issues with the quality of inspections. The Ministry performs audit inspections and provides recommendations to the regions to correct errors, but does not follow up to ensure that its recommendations are being addressed.
- Some inspectors perform six or more inspections per day, contrary to the OSIM and Ministry guidance. The Ministry has not been assessing the reasonableness of the number of inspections being completed in a day for either consultant inspectors or its own inspectors. It cannot verify how much time has been spent inspecting some bridges, since some inspection photos do not include required time stamps.
- We found instances where the condition of different portions of a bridge was incorrectly measured or recorded by inspectors, and instances where a significant change in a bridge's calculated condition was not accompanied by an explanation.
- Technology is not being used to improve efficiencies and cost-effectiveness, and resolve accessibility issues in inspections.
- The Ministry's Structure Rehabilitation Manual, used for planning rehabilitation work on bridges and culverts and their structural components, was last updated in 2007. The Ministry issues interim policy memos to provide updated guidance.
- The Ministry cannot accurately plan capital work for its culverts, as BCI ratings do not accurately reflect the actual condition of the culverts.
- The Ministry is unaware if maintenance and repair work is done in a timely manner by the regions. The regions do not track as required the completion of maintenance work identified by inspectors and do not submit confirmation to the Ministry when work has been completed.

Land-Use Planning in the Greater Golden Horseshoe

The province, primarily the Ministry of Municipal Affairs and Housing, develops legislation, policies and plans that govern planning for private and municipal lands. These include priorities and thresholds for growth, and protection for natural and cultural heritage features. Municipalities decide how lands

within their jurisdiction are used, within what is allowed by provincial planning policies.

Ontario's Greater Golden Horseshoe (GGH), centred on the City of Toronto, stretches north to Georgian Bay, south to Lake Erie, west to the Wellington County and Waterloo Region, and east to the counties of Peterborough and Northumberland. It covers 3% of Ontario's land area but it is home to 10.2 million people, generates two-thirds of Ontario's annual gross domestic product and contains some of Canada's most productive farmland, ecologically significant natural features and protected lands. Much growth in the region has been sprawl, with low-density development, loss of agricultural land and natural spaces, degraded air and water quality, increased demand for major infrastructure, traffic congestion, and unaffordable housing. In response, the province implemented the Growth Plan for the Greater Golden Horseshoe in 2006.

Our audit concluded that the Ministry does not have effective procedures and systems in place to ensure that land-use planning in the Greater Golden Horseshoe is consistent with good land-use planning practices, the purposes and objectives of the *Planning Act*, and the Growth Plan. Numerous changes to land-use planning policies, insufficient collaboration between the Ministry and other entities responsible for infrastructure planning, and the province's intervention in municipalities through Minister's Zoning Orders (MZO) have undermined the goals of the Growth Plan.

Some significant findings from our audit are as follows:

- It is unknown whether the Growth Plan policies have been effective in controlling urban sprawl in the GGH and creating transit-supportive communities. The Ministry is unable to monitor certain Growth Plan targets because of an absence of consistent and timely data.
- Many municipalities lack guidance from Ministry staff, and are facing challenges in implementing the Growth Plan's policies and falling short of its targets. Numerous changes in provincial policies have created instability in land-use planning.

Significant changes in provincial land-use planning policies in the last 10 years often occurred within a year of a previous change.

- The Ministry is not collecting the necessary information to accurately measure whether municipalities are meeting the density targets for newly developed "greenfield" areas. It also does not have information about long-term housing supply.
- Decisions about important public infrastructure and services, such as highways, transit and schools, appeared to be disconnected from, or inconsistent with, other land-use planning processes and policies.
- Conservation authorities are losing the independent power to exercise their mandate to ensure that development is directed away from flood- and erosion-prone areas.
- MZO that disrupt municipal plans are being used to fast-track development and circumvent planning processes that often take months or years of technical studies and public consultation to complete. In addition, all MZO are no longer required to be consistent with provincial land-use policy. Between March 2019 and March 2021, 44 MZO were issued, while previously they had been issued about once a year.
- "Enhanced" MZO can now override a requirement for municipalities to examine the design and technical aspects of a proposed development to ensure it is compatible with the surrounding area, a process known as site plan control.
- The lack of transparency in issuing MZO opens the process to criticisms of conflict of interest and unfairness. There is no formal process that interested parties are required to follow to request an MZO, and there are no established criteria according to which the Minister assesses requests for MZO.

Ontario Cannabis Retail Corporation

The Ontario Cannabis Retail Corporation (OCRC) is a Crown agency that sells cannabis online and is the sole wholesaler of recreational cannabis to Ontario's authorized retail stores. OCRC operates under the

Ontario Cannabis Retail Corporation Act, 2017 with the mandates to buy and sell cannabis and related products; to determine cannabis varieties and types, and related products to sell, and their sales prices; and to promote social responsibility in connection with cannabis.

Although it was originally created as a subsidiary of the Liquor Control Board of Ontario intended to operate both online and physical retail stores, within months the Ontario government converted OCRC into a standalone corporation and the exclusive wholesaler of recreational cannabis to private retailer stores. It is also the only legal online retailer in Ontario, although under emergency orders related to the COVID-19 pandemic, retail stores were able to offer limited online sales at the time of our audit. The government also replaced the initial lottery-based method with an open allocation process that authorizes an unlimited number of retailers to apply to open and operate cannabis stores.

OCRC has experienced a high turnover of its senior executives, with four CEOs in three years and two short-term interim presidents appointed in April to August 2018.

Market research has reported that 28% of Ontarians over 18 years old used cannabis for recreation in 2019/20. According to the OCRC, as of March 2021, 44% of cannabis purchases in Ontario are from the legal market. Since 2018/19, OCRC's revenue has grown ten-fold while its expenses increased six-fold. Sales, warehouse and logistics costs more than doubled from 2019/20 to 2020/21.

For the year ending March 31, 2021, OCRC's revenue totalled \$652 million, with a gross margin for online customer sales totalling \$37 million. This represents an improvement of 104% over its three-year history. Its wholesale operation has also increased significantly since 2018/19, with a gross margin of \$108 million for the same year end.

Some of our significant findings are as follows:

- OCRC has been making slow progress in promoting social responsibility in connection with cannabis. It did not establish a Board-approved social responsibility strategy until November 2020.

OCRC does not have sufficient age verification controls in place to prevent minors from purchasing cannabis from its online store or from receiving cannabis product deliveries, and it does little to educate the public about the difference between regulated cannabis products and those sold on the illegal market.

- Weaknesses in some of OCRC's operating processes include product listing and pricing, sales forecasting and response to customer inquiries and complaints.
- Until April 2021, OCRC did not use any formal criteria to evaluate product submissions, resulting in non-transparent decisions about products selected for sale. OCRC's decision to change from a fixed mark up to a value-based pricing approach for listed cannabis products is not based on sufficient analysis and is not transparent to licensed producers.
- OCRC does not have a formal appeal process for product listing decisions. Senior management sometimes reverses product listing rejections without formally documented rationale, contributing to a perceived lack of fairness by licensed producers.
- Inaccurate inventory forecasting has contributed to products being out of stock; product availability has been a common complaint from retail stores.
- OCRC's recent transition from outsourced to in-house customer care staffing has resulted in longer wait times for inquiries, claims, and complaints due to a 50% reduction in dedicated customer care support as well as more retail stores.
- OCRC outsources most of its supply chain operations, including warehousing and product distribution operations to a third-party service provider. OCRC does not have effective oversight of services provided by this major service provider. OCRC's arrangement with this service provider to lease equipment does not provide value for money.
- OCRC does not have effective mechanisms to oversee the use, retention and safeguarding of customer information retained by its service providers.

- Over a half of its procurements since January 2019 have been non-competitive. OCRC does not have documentation to support its decisions to procure non-competitively.
- OCRC does not yet have a consistent set of non-financial performance metrics. Many of the targets OCRC has set for itself have been vague, difficult to measure, or moving targets. OCRC does not regularly report and discuss operational performance with its Board using consistent metrics, dashboards or scorecards.

Ontario Clean Water Agency

The Ontario Clean Water Agency (OCWA), a Crown agency reporting to the Ministry of the Environment, Conservation and Parks, provides drinking-water and wastewater treatment services to an estimated 4.5 million Ontarians through approximately 200 agreements, primarily with municipalities. It generated \$223 million in revenues, with \$10 million in net income.

In 2020, OCWA operated 181 of the 679 municipal drinking-water systems in Ontario. For each of the last five years, the agency has had fewer contaminant exceedances per facility than private operators and municipally run facilities, and it resolved these quickly. In addition, OCWA operates 167 Ministry-regulated wastewater facilities and reports fewer bypasses and overflows of untreated or partially treated sewage per facility than private operators and municipally run facilities. However, OCWA-operated municipal residential drinking-water systems experienced more boil water advisories on average over the last five years than other operators.

OCWA's role is to fill gaps in the marketplace, especially for smaller, remote and First Nation communities where private operators are not willing to offer services. However, OCWA is not required to provide services at a subsidized price and it provides operations and maintenance services to only six First Nations. Some large clients generate a large portion of OCWA's revenues and profits while other clients generate losses. In 2020, OCWA did not

knowingly enter into any operations and maintenance contracts where it would not be able to recover its costs.

Our more significant findings include the following:

- OCWA provides safe and reliable drinking-water and reliable wastewater treatment services in compliance with legislation. The drinking water and wastewater at its facilities is tested as required and adverse results are reported to the Ministry in a timely manner. However, OCWA is not able to assess whether it is providing services cost-effectively and efficiently.
- Without clear direction from the Ministry, OCWA's Board of Directors and management have shifted their focus toward generating revenue and competing with private operators, instead of providing drinking-water and wastewater services to communities in need.
- Although the Ministry has asked OCWA to support efforts to eliminate long-term drinking-water advisories in First Nation communities, OCWA is hesitant to provide support without achieving full cost recovery. Water quality on First Nation reserves is a federal responsibility. As of July 2021, there were 44 long-term boil water advisories active at 26 Ontario First Nation communities.
- OCWA's electronic monitoring system is not able to identify adverse test results and cannot flag when a facility has exceeded its maximum water intake. This is because the system does not contain maximum concentration limits for substances tested and therefore cannot flag exceedances to allow for central monitoring. OCWA relies on facility operators and labs to manually identify and report issues.
- OCWA lacks complete information on the age, criticality or performance of the assets it manages. As of July 2021, 71% of these were missing an installation date, 42% were missing cost information, and no performance data was available for any assets. This information is important to better manage critical assets over their lifecycle and determine the right time for replacements.

- Significant amounts of biosolids are being sent to landfills, releasing greenhouse gases into the air, a major contributor to climate change.
- OCWA's senior management acknowledges cyberattacks as a key risk, yet the agency has never conducted a penetration test of its systems to identify vulnerabilities. OCWA is currently in the process of setting up a secondary data centre, which is critical for a sound disaster-recovery plan.
- OCWA did not conduct any compliance audits using corporate staff from 2016 to 2020, and the audit selection methodology it uses for its new compliance program needs to focus on the risk of non-compliance at its facilities.
- OCWA's publicly reported performance measures do not include measures for its key activities such as drinking-water quality and number of wastewater bypasses and overflows.

Ontario Motor Vehicle Industry Council

The Ontario Motor Vehicle Industry Council (OMVIC) was created by the government of Ontario as a not-for-profit delegated authority to administer and enforce the *Motor Vehicle Dealers Act, 2002* (Act). OMVIC also upholds relevant sections of the *Consumer Protection Act, 2002*. OMVIC's mandate is to protect consumers and to maintain fair, honest and open competition for registered motor vehicle dealers. The Ministry of Government and Consumer Services is responsible for overseeing OMVIC and monitoring its performance to ensure it is meeting its mandate.

Under the Act, every Ontario motor vehicle dealer of new and used vehicles and every salesperson they employ must be registered by OMVIC. OMVIC does not receive any government funding and is funded primarily from the registration fees and a transaction fee that it charges for every vehicle sold and leased by registered motor vehicle dealers. In 2020, 29,537 registered salespersons were working at 8,195 registered motor vehicle dealers that reported approximately 1.3 million vehicle transactions.

OMVIC inspects and investigates motor vehicle dealers and salespersons, and takes enforcement action against those that have breached the law. As a mediator responsible for resolving disputes between registered motor vehicle dealers and consumers, it mediated approximately 5,400 disputes between 2016 and 2020. OMVIC also works to improve awareness of rights and protections available to purchasers of vehicles in Ontario.

Our audit found that about 50% of the 5,400 complaints against motor vehicle dealers handled by OMVIC between 2016 and 2020 resulted in no resolution for consumers. In these cases, consumers were left with no choice but to pursue their dispute in civil court. We also found that OMVIC does not have the authority to compel a motor vehicle dealer to compensate a consumer, even when OMVIC determines that the dealer has breached the law.

Among our other key findings are the following:

- OMVIC has been accumulating large surpluses instead of using its revenues to improve consumer protection. OMVIC's accumulated surplus and reserves increased by 275%, from \$6.3 million in 2015 to \$23.6 million in 2020. In 2015, OMVIC doubled its vehicle transaction fee from \$5 to \$10 to invest in improving public awareness, and to increase its resources devoted to enforcement. However, the human resources devoted to its key operating areas including its complaint, inspection and registration departments remained largely unchanged. Consumer awareness of OMVIC, the protections it offers and the laws regulating vehicle sales remains low.
- OMVIC's investigations take on average 220 days to complete, yet it does not monitor whether investigators complete investigations on a timely basis or whether differences between investigators are reasonable. Most OMVIC investigations do not result in enforcement action.
- OMVIC has not inspected 40% of registered motor vehicle dealers within its target of three years. Some high-risk dealers have not been inspected for several years, and some not at all. In the last five years, in 77% of the inspections that uncovered

violations of the law, OMVIC's inspectors closed the inspection file without taking any enforcement action or performing a follow-up inspection.

- OMVIC does not fully assess whether new motor vehicle dealers have sufficient funding to start and operate their business while meeting all of their financial responsibilities under the Act. It rarely requires dealers to provide any financial guarantee despite some dealers posing serious risk of financial harm. In the five years ending 2020, OMVIC recovered from the responsible motor vehicle dealers just 22% of claims paid to consumers from its Compensation Fund.
- OMVIC is governed by a Board heavily represented by motor vehicle dealers, even though it is a consumer protection agency. At the time of our audit, some Board members had served for more than 14 years or more.
- Three OMVIC Compensation Fund Board members resigned in 2019 to protest actions taken by OMVIC's Board members, and the Ministry was notified in 2017 of the dismissal of a senior employee at OMVIC who had made allegations against OMVIC's Board. Yet the Ministry did not thoroughly review the concerns raised, relying instead on information it was given by OMVIC's senior management.
- The Ministry did not collect sufficient information to monitor and assess OMVIC's performance in meeting its mandate, and the measurable targets it established in 2020 still bypass several key areas of its operations.

Ontario Provincial Police

The Ontario Provincial Police (OPP) was established in 1909 and is one of the largest police forces in North America, with about 5,600 police officers and 2,500 civilian employees. Its 69 police stations, called detachments, are located throughout the province and operate an additional 92 satellite stations. Each detachment reports to one of five regional headquarters or to the Highway Safety Division, which in turn report to General Headquarters in Orillia. The OPP

operates under the *Police Services Act*. It primarily provides policing services in areas of Ontario that do not have their own police force; patrols on provincial highways and waterways; policing services under contract to municipalities that have requested them; emergency and other support services; and investigations into complex criminal cases and organized crime.

The OPP's operating expenditures totalled more than \$1.2 billion in the 2020/21 fiscal year, of which staffing costs represented 88%. In 2020, OPP officers laid over 424,000 charges, including over 104,000 charges for violations of the Canadian Criminal Code and over 269,000 related to the *Highway Traffic Act*.

In 2020, the OPP provided municipal policing services to 327, or 74%, of Ontario's municipalities.

Our audit found that between 2016 and 2020, patrol hours provided to municipalities and on provincial highways dropped by 28%, from 1.36 million to about 975,000 hours, despite increases in reported crimes and calls for service in recent years.

The following are some of our other significant findings:

- For the 230 municipalities for which the OPP had available data, 111, or 48% of these municipalities, received less than 75% of the constable hours and full-time equivalent staff (FTE) the OPP's deployment model identified were needed to respond to calls for service on a timely basis, including 26 or 11% that received less than 50% of the needed hours and FTEs.
- Frontline officer vacancy rates vary considerably between OPP regions and detachments. Regions with lower vacancy rates have higher crime clearance rates.
- The OPP has not analyzed why it provided specific municipalities fewer constable hours than its deployment model identified were required, nor has it analyzed the impact on public safety of doing so. It does not have a consistent, province-wide model to periodically identify staffing needs and adjust officer deployment, and does not compare and adjust staffing levels against the

levels indicated by its deployment model and contracts with municipalities.

- The OPP had more than 1,000 vacancies for frontline constables in 2020, more than a quarter of all funded frontline constable positions. Medical leave taken by officers diagnosed with post-traumatic stress disorder (PTSD) significantly contributes to increasing vacancies at detachments. In addition, the OPP is incurring rapidly increasing financial costs that reached \$42.7 million in 2020, in relation to Workplace Safety and Insurance Board claims, in large part due to claims for PTSD.
- Frontline officer schedules do not correspond to peak workload periods. In 2020, for all detachments, the number of frontline officers on duty during the least busy time of day was only 25% lower than during peak hours, although calls for service were 75% lower. As well, the OPP does not accurately track or monitor call response times, an important indicator related to public safety.
- Officers at detachments who were found with significant violations appeared to face limited consequences. For example, following a 2020 detachment inspection that found an officer with various weapons and ammunition in an unlocked personal locker, the officer removed the items and was merely advised to follow standard operating procedures.
- Many OPP vehicles are underutilized. Where the OPP had recorded kilometres travelled by its frontline vehicles, from 2018/19 to 2020/21 between 16% and 34% of its frontline vehicles were underutilized relative to the Ministry of Transportation's guideline of 14,400 annual kilometres. We estimated the cost to the OPP to purchase 241 vehicles identified as underutilized in 2019/20 at over \$9 million; the cost to repair and maintain them was nearly \$640,000 in 2019 alone.

Ontario Securities Commission

The Ontario Securities Commission (OSC) is a Crown corporation accountable to the provincial Legislature

through the Minister of Finance under provincial securities legislation and a memorandum of understanding. It administers and enforces the provisions of Ontario's *Securities Act* (Act) and *Commodity Futures Act* and administers certain provisions of Ontario's *Business Corporations Act*. The OSC's mandate is to provide protection to investors from unfair, improper or fraudulent practices; foster fair, efficient and competitive capital markets and confidence in the capital markets; foster capital formation; and contribute to the stability of the financial system and the reduction of systemic risk.

The OSC is the largest regulator in Canada due to the size and nature of the capital markets and participants that it regulates. In 2020/21, the OSC employed 629 employees and had about \$138 million in revenue and \$128 million in expenses. Its Whistleblower Program—the first of its kind in Canada—awards tipsters if their information leads to a hearing before the OSC's Tribunal.

Canada is the only G20 country that does not have a national securities regulator. We found that the OSC's rule-making processes can be lengthy and not always timely, especially when rules have to be drafted in co-ordination with the Canadian Securities Administrators, which aims to harmonize securities regulation in all provinces and territories. Our audit also found the OSC is vulnerable to political interference, which risks undermining its independence and impartiality, as well as to lobbying by industry stakeholders. The OSC could better ensure investor protection by requiring dealers to act in the overall best interests of their clients, and instead has promoted a less rigorous and narrower standard it has proposed, called Client-Focused Reforms.

We also confirmed that the OSC has limited enforcement tools. For example, it does not have the power to issue "tickets" to individuals and companies, for violations that do not warrant a full-blown investigation by OSC's Enforcement Branch, and cannot make orders to seize assets or direct the refusal of driver's licence renewals to collect unpaid monetary sanctions. Most of the uncollected balance is owed by unregulated or unregistered individuals

and entities. The lack of effective enforcement tools has hindered the OSC in deterring wrongful conduct on a timely basis.

The following are some of our other significant findings:

- The money the OSC collects through sanctions more than tripled in the last four years. However, the fund in which this money is kept is not being fully used to benefit the investor community as allowed by the *Securities Act* (Act): it paid out between 6% and 11% for this and other purposes allowed under the Act, each year between 2016/17 and 2020/21. The OSC lacks the authority to enact rules for distributing monetary sanctions collected to investors who have been harmed through unfair market practices or fraud, and has no overarching policy to, for example, compensate more of these investors or improve its education to investors.
- The Corporate Finance Branch Director at the OSC lacks the authority to respond effectively and on a timely basis, such as by ceasing trade or imposing conditions, when it identifies a lack of sufficient disclosure by companies, that are not reporting issuers and that have distributed securities using regulatory exemptions. These exemptions allow a company or fund to raise money without the expense of preparing a prospectus, providing they make certain regulatory disclosures to the investing public.
- The OSC has limited legislative authority to require formal and documented information-sharing with the Canadian Public Accountability Board. CPAB is the national body responsible for the regulation of public accounting firms that audit Canadian publicly traded companies. Regular communication of information from the CPAB is important so that OSC staff can determine if they need to further monitor specific publicly traded companies.
- The OSC's information systems are outdated or operated in isolation within the organization, hindering its ability to efficiently monitor and regulate market participants.
- OSC staff face challenges in integrating information located in various databases and collected in different formats, to, for example, identify potential securities law breaches by issuers across the public and private or exempt capital markets (where companies qualify for exemptions from legislative requirements).
- The OSC conducts very limited reviews of regulatory filings and disclosures of companies seeking to enter Ontario's capital markets through alternative methods to traditional Initial Public Offerings and does not always alert investors to the specific risks posed by these kinds of transactions.

Ontario's Provincial Comptrollership Framework

In February 2020, the province established the new Office of the Comptroller General in the Treasury Board Secretariat ministry. The Office of the Comptroller General has a centralized finance function, called the Office of the Provincial Controller Division, which is a division within its office. Each ministry also has its own finance function and the Deputy Minister of each ministry is responsible for the conduct of his or her ministry's financial business.

Our audit found that a comptrollership framework with clearer central authority is needed to provide cost-effective leadership and stronger oversight of the preparation of the province's financial information.

The following are some of our significant findings:

- Ministries' accounting and financial divisions should have a functional reporting relationship to the Office of the Comptroller General; this would require reassessing the structure of the accounting function within ministries. A stronger comptrollership function would assist ministries and provincial entities to better align their accounting policies with Canadian Public Sector Accounting Standards, ensure the Office of the Comptroller General's Provincial Controller Division is notified about significant transactions and accounting issues, and provide more co-ordination with the Ontario Internal Audit Division on the operating

effectiveness of ministries' financial reporting controls.

- Ministries' processes are often not consistent or sufficient to support certificate of assurance attestations, through which ministries confirm their compliance with financial reporting requirements, legislation and directives, and internal controls. There is no consistent approach or minimum set of required procedures that ministries must perform before signing their attestations. Neither the Provincial Controller Division nor Ontario Internal Audit regularly assesses whether ministries' processes are sufficient to conclude that they have complied with their financial reporting requirements, legislation and directives, and internal controls. Ministries generally lacked documented analyses and explanations for how they determined their compliance.
- No requirement exists for ministries to address key weaknesses in financial reporting controls or inform the Provincial Controller Division of instances of fraud in a timely manner. The Provincial Controller Division does not prescribe from ministries specific action plans or timelines to address the financial reporting weaknesses it identifies. Further, ministries do not routinely notify the Provincial Controller Division when frauds are identified in a timely manner, and Ontario Internal Audit was not regularly testing key financial internal controls at ministries.
- Ministries are not formally required to follow the Provincial Controller Division's accounting advice, and the Provincial Controller Division is not tracking the advice it provides, the accounting issues it reviews and the recommendations it issues to ministries. Ministries may not implement the Provincial Controller Division's advice before submitting their year-end financial data, which increases the risk of uncorrected accounting issues being included in the province's unaudited consolidated financial statements.
- Ministry finance positions lacked standardized financial education and experience requirements to efficiently address increasingly complex

accounting issues and standards. For example, at the six ministries reviewed, none of the directors of finance had a Chartered Professional Accountant (CPA) designation and only three of the ministry controller positions required a CPA designation.

- The Comptroller General has been developing a strategic plan to improve financial management. Its implementation requires co-operation from all ministries' finance functions and updates to existing requirements in financial management directives and policies. A strategic plan is important for laying the groundwork for addressing change management and helping build working relationships between the comptroller's finance, internal audit and risk management functions, and the ministries.

Outpatient Surgeries

Outpatient surgery, sometimes referred to as "day surgery" or "ambulatory surgery," is typically surgery in which a patient spends less than 24 hours in hospital before going home. Types of surgery are not defined as inpatient or outpatient: whether a surgery can be safely and appropriately provided on an outpatient basis depends on factors such as patient health and need for post-operative monitoring.

The Ministry of Health (Ministry) funds public and private hospitals, and independent health facilities (IHF), to provide surgeries. According to data from Ontario Health, in 2020/21, public hospitals provided approximately 330,000 outpatient surgeries, compared to approximately 440,000 to 455,000 in the four years before COVID-19. Ontario's 10 IHFs offer outpatient surgeries only. The Ministry provided the IHFs with approximately \$13 million in 2020/21 for performing about 16,400 outpatient surgeries. The one private hospital that provides outpatient surgeries received approximately \$2.6 million for about 1,800 outpatient surgeries in 2020/21.

Wait times are a long-standing concern. Outpatient surgery wait times worsened during the COVID-19 pandemic when the Chief Medical Officer of Health

directed in early 2020 that all non-essential and elective surgeries be stopped or reduced to minimum levels to preserve hospital capacity to care for patients with COVID-19. This resulted in many outpatient surgeries being further delayed or cancelled. Though these surgeries have gradually resumed in Ontario, there continue to be long wait times. In 2020/21, some surgery wait times increased between 37% and 57% over the previous year.

The following are some of our significant findings:

- There is no overall co-ordination among the organizations providing outpatient surgery. They follow different reporting requirements, and are overseen by different parties. There is also no province-wide centralized intake or referral process for all types of surgery, which would help ensure patients have timely access to outpatient surgeries. (There are centralized processes in some regions or for some types of surgery.)
- In Ontario, patients can access wait-time information published per hospital. However, surgeons working in the same hospital can have very different wait times. For example, one ophthalmologist had an average wait time of 155 days, almost four months longer than another one who had an average wait time of 42 days. This information is not available to the public, so patients are not able to consider it when deciding which surgeon to work with.
- Wait times vary considerably depending on the region, making for inequitable access across the province. For example, patients in the West region waiting for total knee joint replacement surgery had to wait over three times as long as patients in the Toronto region. In addition, hospital operating rooms are being underused. The provincial best practice target rate of operating room use is 90%. In 2019/20, approximately 34% of hospitals did not meet the target.
- There are significant differences in the proportion of surgeries being performed on an outpatient basis across hospitals in Ontario. The Ministry and Ontario Health have not yet reviewed these variations to determine why they are occurring, and whether hospitals face barriers to performing more outpatient surgeries.
- Hospitals in Ontario are performing outpatient surgeries in a variety of locations, including their main hospital site, designated ambulatory hospitals, or off-site surgical areas. Yet the Ministry and Ontario Health have not identified effective and cost-efficient practices for outpatient surgery that can be disseminated across the province.
- While the Ministry has developed a quality-based procedure funding method for certain types of surgeries, funding rates for some surgeries have not been reviewed for almost five years.
- Physicians that provide publicly funded outpatient surgeries bill the Ontario Health Insurance Plan (OHIP). However, the Ministry does not sufficiently review unusual billing patterns or trends to identify possible issues such as inappropriate billings or inappropriate rendering of services. There has been no provincial oversight of surgery providers to protect patients from being misled about their right to receive the standard publicly funded surgery without having to pay any fees out of pocket.
- The province does not have a centralized method to measure surgical quality and outcomes for all surgeries, or separately for inpatient and outpatient surgeries. Some aspects of surgical quality and outcomes are monitored and reported for inpatient and outpatient surgeries combined, and the results show positive performance such as low hospital readmission rates and high patient satisfaction rates.
- There continues to be unused or underused capacity across different types of outpatient surgery providers. The co-ordination and additional use of available operating room capacity across service providers could help the Ministry address the surgical backlog and shorten the wait times for surgeries.

Private Career Colleges Oversight

About 500 private career colleges in Ontario train adults who require specific job skills or who already possess academic qualifications but want to enhance their practical skills to become more competitive in the job market. They currently enrol about 159,000 learners. Graduates of private career colleges work as paramedics, massage therapists, personal support workers, hairstylists, truck drivers and in many other occupations that serve the public. Under the *Private Career Colleges Act, 2005* (Act), the Ministry of Colleges and Universities oversees private colleges' registrations and complaints handling, conducts inspections and investigations, approves programs, and administers a fund that compensates students if a college closes unexpectedly.

In 2019, 10,368 international students were enrolled in private career colleges, with 71% of them enrolled in 10 colleges.

Our audit found that the Ministry has not established adequate systems and processes to validate that private career colleges are providing quality, up-to-date education to their students. The Ministry does not examine the content delivered to students to verify that it is the same program it approved. As of June 2021, the Ministry had not met its own internal target of inspecting all colleges within three years at 30% of the college campuses to confirm that private career colleges are compliant with the conditions of their registration and requirements of the Act and its regulations. The Ministry halted these inspections in March 2020 at the onset of the COVID-19 pandemic.

Even though the Ministry reported that between 2017 and 2019, over 80% of private career college students were employed after graduation, only about 60% were employed in their field of study. In addition, the Ministry does not have a comprehensive education strategy to link labour market needs with vocational options, thereby missing an opportunity to balance the supply of career college and other post-secondary education with the demands and expectations of local communities.

Our other significant findings include the following:

- Almost 1,400 outdated programs are still being delivered, increasing the risk of students not receiving relevant updated training to find employment in their chosen field. About 25% of approved programs with enrolled students were approved more than five years ago, contrary to Ministry policy to re-approve all vocational programs every five years.
- The Ministry lacks processes to detect private career colleges that charge students fees that exceed the amounts on the fee lists the Ministry holds on record. In our sample, 33% quoted a higher fee, averaging \$485 higher per college.
- The Ministry did not sufficiently inform the public and students about its student protection mandate. The results the Ministry posts on private career colleges' graduation rates, graduate employment rates and other performance indicators are at least two years old, hindering students from making informed decisions about which program or college to select.
- The Ministry is responsible for designating private career colleges as institutions that can accept international students so those students can obtain study permits to come to Canada. We found that four private career colleges were not designated as learning institutions but still had 10 international students enrolled in 2018 and seven in 2019 in programs of over six months in duration, the threshold required for designation.
- The number of international students enrolled in private career colleges has increased by 420%, from 1,994 in 2015 to 10,368 in 2019. Such an increase is unusual given that students of private career colleges, unlike their counterparts in the public college system, cannot apply to stay in Canada on a federal post-graduation work permit. The Ministry did not act on these trends.
- In the last five years, the Ministry has collected on average only about \$2 million in fees and penalties from private career colleges annually, while

incurring about \$6 million a year to regulate the sector. In 2020, the Ministry assessed the feasibility of fee increases so it can cover 55% of its costs to regulate these colleges and designated learning institutions under the international student program. However, the Ministry later decided to defer these fee increases to April 2022, citing the impact of COVID-19 on private career colleges' financial health.

Public Colleges Oversight

The Ministry of Colleges and Universities is responsible for the oversight of Ontario's 24 public colleges, which are Crown agencies established under the *Ontario Colleges of Applied Arts and Technology Act, 2002*. Public colleges provide career-oriented education and training to help students gain employment, meet the needs of employers, and support the social and economic development of communities. Each college has a board of governors that is accountable to the Ministry for its operations and financial management. In 2020/21, the Ministry provided \$1.6 billion in grant funding to the colleges, which received another \$3.5 billion from other sources, mainly tuition fees.

Our audit found that most programs offered by the public college sector are generally aligned with Ontario's projected job market needs. From 2016/17 to 2019/20, depending on the college attended, 59.2% to 88.5% of graduates found full-time employment in a related field six months after graduation. As well, from 2015 to 2019, 89.6% to 92.5% of employers surveyed were satisfied or very satisfied with their employees' college preparation for their role. However, delays in the Ministry's program approval process are hindering colleges' ability to respond quickly to market needs.

We also found that by 2020/21, 68% of all tuition fee revenue now comes from international student tuition fees, for a total of \$1.7 billion—a significant contribution to the public colleges' \$1.22 billion (62%) increase in collective net assets over the four years prior to the pandemic. Between 2012/13 and

2020/21, domestic student enrolments decreased by 15% while international student enrolments grew by 342%. About 30% of all 348,350 students enrolled in public colleges in Ontario in the fall of 2020 were international students, who pay an average of \$14,306 in annual tuition fees compared to an average domestic tuition fee of \$3,228. This leaves the colleges highly reliant on international student enrolment to subsidize the provincial costs of domestic students' education and colleges' administrative and capital expenditures. The Ministry has not assessed how the high reliance on international students may impact the entire public college sector over the long term.

Ontario spends the least amount of money of any province in Canada per student on college education.

Other significant findings are as follows:

- Public colleges received additional COVID-19 funding totalling \$75.6 million in 2020 and 2021. In 2021, the funding was allocated based on projected revenue decreases due to the pandemic. Two colleges that received COVID-19 funding in 2021 actually saw an increase in revenue and annual surplus in the year.
- Partnerships between public colleges and private colleges have existed at least since 2005. As of June 2021, 11 publicly-assisted colleges were partnered with for-profit private colleges, which are located far from the public college and are almost exclusively in the Greater Toronto Area. The Ministry's oversight of these public-private college partnerships has not been effective; most partnership arrangements have never undergone an independent quality assurance audit. The Ministry has also not assessed the public colleges' compliance with the policy requirement that the maximum international student enrolment across all private career college partner campuses cannot exceed twice the amount of international student enrolment at the public college's home campus(es).
- In 2019/20, five out of the six public colleges that had partnered with private career colleges before December 2019 could have had operating deficits

if they did not receive international student tuition revenue via the partnership.

- Our review of four selected public colleges found that none of them have established a formal policy to guide the selection and removal of their third-party international student recruitment agencies. Colleges have limited oversight of agencies to confirm whether they are providing services with honesty and integrity.
- Ministry standards for public college non-degree programs that outline minimum requirements for learning outcomes and employability skills for graduates are either outdated or non-existent. As of May 2021, 24% of the 147 program standards had not been updated within the Ministry's intended five- to 10-year time frame. Some programs were last updated over 18 years ago.
- Ministry allocation of capital renewal funding is based on the public colleges' domestic enrolment levels, but does not factor in deferred maintenance and state of repair needs of the facilities.
- The Ministry has changed its operational funding approach so that, as of September 2020, government funding is tied to each college's achievement of performance-based outcomes.
- New Strategic Mandate Agreements were signed between the Ministry and each public college, in part to improve accountability and graduate performance in the labour market, and encourage each college's specialization. Colleges are measured against their own targets. However, we found instances where colleges met their targets, but next year's targets were set lower than the previous year.

5G Network Technology and Related 5G Pre-commercial Program

With mobile technology now part of most people's lives and the promise of the ultra-fast and connective 5G network on the horizon, the Ministry of Economic Development, Job Creation and Trade partnered in March 2017 with the federal government, the province of Quebec and three multinational technology

companies to build and operate several 5G test platforms, which is entirely independent of the commercial implementation of 5G in the Province. The 5G mobile network will enable new services and technology that rely on real-time data-sharing, including smart energy products and smart health-care services.

In September 2016, the multinationals Ericsson, Ciena and Thales proposed the partnership to the three governments. Building these test platforms was meant to provide entrepreneurs and researchers with access to a small-scale 5G network where they could develop 5G-related concepts, projects and prototypes before the 5G network is available commercially. The three big firms sought to benefit from collaborating with small- and mid-sized businesses (SMEs) to create innovative, patentable products. In Ontario, the funding proposal was submitted to the Ministry of Economic Development, Job Creation and Trade under the Ministry's Jobs and Prosperity Fund. The Ontario government approved the plan, which became the ENCQOR 5G Program (Evolution of Networked Services through a Corridor in Québec and Ontario for Research and Innovation). With the three companies and the three governments sharing expenses, Ontario's contribution was \$66.7 million. The Ministry appointed the Ontario Centre of Innovation (OCI) as program administrator.

The province paid 86% of the ENCQOR 5G Program funding, \$56.9 million, to Ericsson, Ciena and Thales to research, design, build and operate the three test platforms at innovation hubs in Ottawa, Toronto and Kitchener. The remaining \$9.8 million was earmarked for program participants. Test platforms became available to SMEs in April 2019. As of June 2021, approximately 330 SMEs with over 400 projects have participated in the program, scheduled to end in March 2022.

Ontario's objective in supporting the technology vendors was to generate long-term economic benefits to the province through investment and jobs. Yet the longer-term economic benefit for the province is unclear. The Ministry is unable to measure if the program has met its overall objective as program outcomes such as revenues generated, follow on

investment generated and products launched as a direct result of this program do not have a target.

The following are some of our significant findings:

- The transfer payment agreement (Agreement) between the Ministry and OCI lacks clarity. Two critical intended outcomes of the program related to creation of jobs by program participants and the requirements to utilize the 5G test platform did not have clear expectations and targets established in the Agreement.
- The Agreement between the Ministry and OCI was unclear on which program streams were required to use the test platform. As well, OCI did not set the benchmark for the number of hours a SME should use the test platform. This resulted in the test platform being significantly underutilized. Some approved and funded projects did not require 5G technology. Access to the test platform was temporarily restricted for six months, as a result of the COVID-19 pandemic.
- OCI existing fund and budget allocation process requires improvement. In almost all cases, the amount that was requested by an SME participant was approved by OCI. Money was allocated to participants for expenses that should have been considered ineligible based on established criteria. Some executives claimed to be non-executives, enabling them to avoid a salary cap and receive greater amounts of funding. Some participants received funding for projects that did not require a 5G network to test their viability.
- The Ministry did not establish targets for half of the program performance metrics, making it impossible to assess the value of the outcomes achieved. The performance data received from participants was missing, incomplete or ambiguous, and OCI did not verify its accuracy.
- Weak cybersecurity on OCI's systems put participants' confidential data and intellectual property at risk of inappropriate disclosure.