



News Release

For Immediate Release

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Annual Report Shows Need for Better Government Planning with Increased Transparency and Evidence-Based Decision-Making: Auditor General

(Toronto) Value-for-money audits in the Auditor General's *2022 Annual Report* show that public organizations need to improve planning and coordination to improve service delivery, and provide more accessible information to help Ontarians make more informed decisions, Auditor General Bonnie Lysyk said today after the Report was tabled in the Legislative Assembly. Financial accountability and governance were other recurring themes in her Report.

The organizations and programs audited this year cover a wide range of areas, from the Ontario Lottery and Gaming Corporation's handling of casinos and the Liquor Control Board of Ontario's procurement of information technology, to post-secondary education, private automobile insurance, consumer protection in the real estate sector, ways to mitigate urban flooding, and the Province's management of hazards and emergencies in the environment.

The following are some of the prominent findings in the 15 value-for-money audits:

Climate Change Adaptation: Reducing Urban Flood Risk – Climate change increases the likelihood of more frequent and severe rainfall events, which can overwhelm storm sewers and other stormwater infrastructure, and increase the risk of urban flooding. However, the Province isn't making changes to reduce these flood risks, such as better protecting green spaces that absorb rainwater and provide natural resilience for communities, or updating the Building Code to clarify when builders of new homes must install backwater valves, which prevent sewer backups in basements.

Conserving the Niagara Escarpment – Even though the purpose of the Niagara Escarpment Planning and Development Act is to conserve the natural environment, the Ministry of Natural Resources and Forestry doesn't provide sufficient financial and staffing resources to ensure the Niagara Escarpment Plan and Act are effectively and efficiently implemented.

COVID-19 Contracts and Procurement – The COVID-19 contracts we reviewed were mostly procured in a timely and cost-effective manner, given the urgent circumstances of the pandemic, and was conducted using fair, open and transparent processes.

COVID-19 Vaccination Program – There was no registry that contained vaccination records for all Ontarians when the pandemic began. That limited Ontario's ability to rapidly adapt to new or existing disease outbreaks and required the Ministry of Health to create a new database for COVID-19.

Financial Management in Ontario Universities – The report assessed key financial operations and governance structures at four universities: Algoma, Nipissing, Ontario Tech and the University of Windsor. We found all four universities are currently financially sustainable but can improve their financial management practices. The audit also determined the Ministry of Colleges and Universities does not have a clear strategy or long-term vision for the post-secondary sector. Ontario’s domestic tuition reduction and freeze and relatively low per-student funding have necessitated an increased financial dependence on international students’ tuition fees.

Financial Services Regulatory Authority – Regulation of Private Passenger Automobile Insurance, Credit Unions and Pension Plans – Even though Ontario has one of the lowest rates of automobile injuries among provinces, the average private passenger automobile insurance premium is the highest in Canada, and has increased by almost 14% to \$1,642 between 2017 and 2021. The report identifies areas where Financial Services Regulatory Authority could take actions that may reduce insurance premiums.

Highway Planning and Management – The audit found that at the direction of the Minister of Transportation’s Office in 2019, the Ministry prioritized the construction of four lower-ranked highway projects, resulting in the deferral of higher-ranked projects inconsistent with the recommendations of its own subject matter experts.

Liquor Control Board of Ontario – Information Technology Procurement – The audit found deficiencies in the LCBO’s information technology (IT) expenditure planning and monitoring. Business cases for IT procurement projects lacked cost estimates, non-competitive purchases were not sufficiently justified and there was continuous reliance on IT consultants and contract employees. One contract IT employee was paid \$155 per hour, compared with about \$68 per hour for a similar position at the LCBO.

Management of Hazards and Emergencies in the Environment – The report noted that few oil and gas wells in the province are being inspected annually. The inspections are the responsibility of the Ministry of Natural Resources and Forestry, which is also not fully assessing the condition of its dams. The report also noted that the Province needs to increase public awareness of the dangers of abandoned mines in Ontario.

Management of Invasive Species – The Ministry of Natural Resources and Forestry lacks sufficient financial and human resources to lead implementation of Ontario’s strategic plan to prevent the introduction and spread of invasive species, and to administer the Invasive Species Act. Since the Act and accompanying list of regulated species came into force in November 2016, the Ministry has updated the list of regulated species only once (in January 2022). The Ministry also doesn’t have sufficient information about potentially harmful invasive species to inform decisions on funding, prioritizing activities, and providing direction, guidance, co-ordination and support to other ministries, municipalities, conservation authorities and other key organizations.

Office of the Corporate Chief Information Officer – The Ontario government significantly relies on the Corporate Chief Information Officer for IT services such as security of Ontarians’ data, and delivery of government programs and services. The audit found that the Guelph Data Centre—which has the world’s highest data centre rating—has been significantly underutilized.

Ontario Energy Board: Electricity Oversight and Consumer Protection – The OEB regulates Ontario’s energy sector, yet it has no authority to regulate almost 34% of charges on an average residential bill, and it doesn’t have sufficient oversight of fees charged by the companies that provide metering and billing services to occupants of multi-unit buildings such as condominiums.

Ontario Lottery and Gaming Corporation: Casinos, Lotteries and Internet Gaming – The OLG is responsible for managing casinos in Ontario. However, the audit found that neither OLG nor the Alcohol and Gaming Commission of Ontario (AGCO) is monitoring to ensure slot machines are connected to OLG’s central monitoring system, and that slot machines actually pay out 85% in winnings over the life of each machine, as per AGCO standards. The audit also noted that following the privatization of casinos, in 2019/20 the net profit to the Province from casino gaming revenue decreased by \$54 million from what it received before privatization. As well, OLG renegotiated significantly reduced revenue commitments from casino operators despite signed contracts already in place.

Ontario Power Generation: Management and Maintenance of Hydroelectric Generating Stations – OPG has been a reliable provider of hydroelectric power to the province. However, the audit found the OPG has not been able to fully utilize its hydroelectric generating capacity over at least the last seven years. In 2021 alone, it could have generated an additional 4.6 million MWh of electricity, or enough to power over 540,000 Ontario households for a year. OPG has had to spill water without generating any power due to excess power supply in Ontario.

Real Estate Council of Ontario – The government created RECO in 1997 to regulate real estate brokerages, brokers and salespersons. The audit found RECO and the Ministry of Public and Business Service Delivery have lagged in facilitating the introduction of protections for consumers, particularly in comparison to British Columbia.

Lysyk’s Report this year also includes:

- a review of the Public Accounts of the province;
- a review of government advertising; and
- follow-up reports on recommendations from previous Annual Reports and the Standing Committee on Public Accounts.

Authority to Release Reports

The Auditor General of Ontario’s Annual Report is released each year before December 31 in accordance with the *Auditor General Act*. The Auditor General released a *Review of the Pre-Election 2022 Multi-Year Fiscal Plan* on May 2, and a *Special Report on Laurentian University* on November 17.

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Read the report at www.auditor.on.ca

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The Office of the Auditor General is an independent Office of the Legislative Assembly that conducts value-for-money and financial audits of the provincial government, its ministries and agencies. We also audit organizations in the broader public sector that receive provincial funding. Our vision is to deliver exceptional value and assurance to members of the Legislative Assembly, the Standing Committee on Public Accounts, and all Ontarians through high-quality work that promotes accountability, value for money and effective governance in the Ontario public sector.