

## 3.07–Ontario Parks Program

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### BACKGROUND

The Ontario Parks Program (Program) of the Ministry of Natural Resources is responsible for managing provincial parks and protected areas in support of the Ministry's vision of sustainable development of natural resources and its mission of managing such resources for ecological sustainability.

The primary objectives of the Program are to protect natural resources, provide recreational opportunities, develop tourism, and enhance appreciation of the province's natural and cultural heritage. The major responsibilities of the Program include enforcing legislation, operating park visitor services, park planning, and maintaining information systems. The Program is also responsible for administering the *Endangered Species Act*, which includes co-ordinating the development of a province-wide strategy for species at risk of extinction and the preparation of recovery plans for individual species at risk.

Public land in Ontario can be designated as a provincial park under the *Provincial Parks Act*, and the Act states that "the provincial parks shall be maintained for the benefit of future generations." Public land can also be designated as a conservation reserve under the *Public Lands Act* for the purpose of protecting natural areas and permitting traditional public land uses, but commercial activities such as timber harvesting and mining are prohibited. The Program has policy responsibility for conservation reserves, but the Ministry's Field Services Division, through local district offices, performs other activities such as site management and legislative enforcement. The number and area of Ontario's parks and reserves regulated at the time of our audit were as outlined in the following table.

### Provincial Parks and Protected Areas

Designation	Number	Total Area (km <sup>2</sup> )
Provincial parks	277	70,533
Conservation reserves	102*	2,245
<b>Total</b>	<b>379</b>	<b>72,778</b>

\*As part of *Ontario's Living Legacy* (a comprehensive program for the protection of natural resources announced in March 1999), an additional 192 conservation reserves have been approved and receive interim protection but have not formally been established by regulation.

*Source of data: Ministry of Natural Resources*

Depending on the intended use, provincial parks can be deemed as either operating parks—whereby services and facilities are made available to the general public—or non-operating parks—which are specific areas designated as park land but not developed for recreational use. Many non-operating parks are established for educational and scientific purposes.

The parks provide over 19,000 car-accessible campsites and 7,000 wilderness campsites, as well as day-use areas, picnic facilities, and a number of visitor centres and heritage museums. The Ministry estimates that annually the provincial park system creates 14,000 person-years of employment and contributes \$390 million to the Ontario economy.

In February 1996, the government approved a new business model for the protection and management of the provincial park system. The Minister of Natural Resources was given the administrative authority to set provincial park fees, establish a board to provide advice on the management of provincial parks, and deposit all provincial park revenue into a Special Purpose Account dedicated to Ontario Parks' expenditures.

For the 2001/02 fiscal year, the Ministry's funding for the Program was approximately \$55 million, of which \$41 million was funded from the Special Purpose Account. Ministry capital spending on the Ontario Parks infrastructure totalled an additional \$15.6 million.

## AUDIT OBJECTIVES AND SCOPE

The objectives of our audit of the Ontario Parks Program were to assess whether the Ministry had adequate procedures in place to:

- ensure compliance with the legislation and ministry policies that are designed to ensure that park resources are sustained to benefit future generations;

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- measure and report on the Program's effectiveness in managing the public use and ecological sustainability of provincial parks; and
  - ensure that resources were managed with due regard for economy and efficiency.

The criteria used to conclude on our audit objectives were discussed with and agreed to by ministry management and related to systems, policies, and procedures that the Ministry should have in place.

Our audit was performed in accordance with the standards for assurance engagements, encompassing value for money and compliance, established by the Canadian Institute of Chartered Accountants, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Our audit included a review of the activities of the Ministry's Internal Audit Services Branch. However, we did not reduce the extent of our audit work, as the Branch had not issued any recent reports on the administration of the Ontario Parks Program. The Branch did carry out an audit of Ontario Parks' Special Purpose Account, which we reviewed. We incorporated any relevant concerns arising from that review into our audit procedures.

## OVERALL AUDIT CONCLUSIONS

Overall, we concluded that, in many respects, the Ministry did not ensure compliance with the legislation and policies designed to ensure the sustainable use and development of park resources. Furthermore, the Ministry did not have adequate procedures in place to measure and report on the effectiveness of the Ontario Parks Program in maintaining the parks system for the benefit of future generations. Specifically, we noted the following:

- The Ministry had management plans in place for only 117 of the 277 provincial parks. Such plans are essential if animal and plant life resources are to be managed and protected. We noted instances where inadequate planning and a lack of action resulted in uncontrolled wildlife growth and habitat destruction that threatened the sustainability of other species. In addition, in over half of the non-operating parks we reviewed, the Ministry had not prepared the required inventories of animal life, plant life, geology, and other natural features. This information is a critical first step in ensuring fragile park resources are properly managed.
- The Ministry did not have an overall strategy in place to manage species at risk of extinction in the province even though the *Endangered Species Act* has been in force since 1971. Of the 29 species deemed by regulation to be at risk, only five had recovery plans in place. Two species of butterfly and a species of rattlesnake, all of which did not have a recovery plan in place, can no longer be found in Ontario. In addition, there were 31 species that were not protected by regulation under the Act, even though some of these species had been designated as endangered as long ago as 1984.

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- Although the Ministry had identified a set of outcomes related to its objectives, it had not defined performance measures to assess the overall effectiveness of the Program. The measures it did have in place did not specifically relate to an evaluation of the ecological sustainability of provincial park resources.

In addition, we noted a number of instances where procedures to ensure due regard for economy and efficiency needed to be improved. For instance:

- Customer service standards were not met for the Computer Reservation and Registration Accounting System (operated by a private service provider), in that over 65% of our sample telephone calls were not answered either because of a busy signal or because we were put on hold for 15 minutes (after which time we hung up the telephone).
- According to the Ministry, the majority of the existing capital infrastructure, including buildings, roads, bridges, docks, and water distribution systems, is between 20 and 45 years old and is approaching the end of its useful life or is beyond its useful life. The Ministry had a backlog of capital infrastructure projects to complete, resulting in the deterioration of Ontario Parks' infrastructure.

## **DETAILED AUDIT OBSERVATIONS**

### ***COMPLIANCE WITH POLICIES AND PROCEDURES***

#### **Managing Parks for Ecological Sustainability**

Ministry policy requires that park management plans be prepared for each provincial park and reviewed and updated every 10 years. These plans provide strategic direction for the management of the resources within individual provincial parks to achieve park objectives related to protection, heritage appreciation, recreation, and tourism. Central to the management plan process is the requirement that detailed inventories be completed of the park's cultural heritage, wildlife, recreational resources, geology, and other natural features. We reviewed the Ministry's park management plans and monitoring process and had the following concerns:

- Of the 277 provincial parks that existed at the time of our audit, only 117 had management plans in place. Furthermore, 68 of the plans that were in place had not been reviewed for more than 10 years, with the average age of these plans being 15 years. Without a current management plan in place, there is no overall strategy to manage park resources to ensure that the environment is protected and that park resources are optimally used. In that regard, we noted that another Canadian jurisdiction is required to review park management plans every five years because

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ecosystems are vulnerable to outside influences and can rapidly change or deteriorate. For example, we noted that it took over 20 years to prepare a management plan for one eastern Ontario park. The lack of strategic direction for resource management during that time resulted in uncontrolled wildlife population increases that caused severe damage to vegetation in the park and the destruction of habitats that sustain rare species.

- In parks where management plans existed, we noted that the Ministry did not ensure that the plans to address resource issues within the park were implemented in an effective and timely manner. For example, at one southwestern Ontario park the Ministry did not act on problems associated with the destruction of vegetation by wildlife, thus threatening the sustainability of other species in the park. Specifically, the park can sustain a population of 65 to 75 deer, but it currently has over 130 deer. Scientific research carried out by a university determined that this has resulted in a permanently altered ecological state in that park. The research noted that an endangered bird species was disappearing since its preferred nesting sites were not regenerating within the park because of habitat destruction. The Ministry has determined that loss and degradation of habitat is the single biggest cause of wildlife species extinction.
- The Ministry did not maintain a provincial inventory of protected resources, did not know how many inventories were still to be completed, and did not know when existing inventories had been prepared. We also noted that 57% of our sample of non-operating parks did not have a detailed inventory of plants, animal life, geology, and other natural features. Complete inventory information is the cornerstone of preparing an effective management plan and successfully managing the resources within provincial parks. The lack of such information reduces the Ministry's ability to ensure the sustainable use of park resources, and management practices, in the absence of this information, may result in the degradation of ecologically sensitive areas.

In addition to preparing inventories to help monitor the health of an ecosystem, many jurisdictions identify an indicator species within protected areas. Focusing on an indicator species and its habitat facilitates the monitoring of ecological conditions and the determination of any corrective action that may be required. At the time of our audit, the Ministry was in the process of identifying indicator species.

- The Ministry uses implementation plans to provide direction for more specific projects and activities to manage and protect park resources and to identify the financial, material, and human resources needed for the preparation of annual work plans. However, the Ministry did not track the overall progress of the implementation plans that have been developed. Overall monitoring of implementation plans would help determine how well the Program is achieving the planned objectives. It would also enable the Ministry to provide a consistent basis for determining the allocation of resources to specific projects and activities. The Ministry advised us that human and

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financial resources are scarce and must be allocated among competing priorities. As a result, carrying out implementation plans is becoming more difficult, and the Ministry risks not adequately protecting park resources.

### **Recommendation**

To help ensure that provincial park resources are protected and maintained at sustainable levels, the Ministry should:

- complete management plans for all parks and review existing plans on a more timely basis;
- complete and monitor the required resource inventories for all parks;
- develop procedures, such as the selection and monitoring of indicator species, to help evaluate and report on the sustainability of park ecosystems; and
- conduct a province-wide risk analysis that will result in financial and human resources being directed to the most critical areas and ensure that the related implementations are effectively monitored.

### **Ministry Response**

*The Ministry accepts the validity of the concerns expressed regarding the need to develop management plans, inventories, sustainability indicators, and a province-wide risk analysis and is fully committed to undertake these on a priority basis.*

*Management plans and measurement tools are important, but are not necessarily the only means to secure ecological integrity. The designation of land as a park or conservation reserve ensures that the activities that pose the greatest threat to natural ecosystems, including settlement and industrial uses, are prohibited or take place under tightly controlled conditions. A range of legislation, regulations, and policies are used to ensure that parks are protected.*

*The management planning process entails a multi-stage public consultation process. The Provincial Auditor's report notes the case of the southwestern park experiencing an over-population of deer. The ongoing challenge to the Ministry is to balance the objectives of resource protection with the sometimes conflicting public sentiments and values. In this particular case, a successful deer herd reduction plan has been implemented that is consistent with the principles of ecological sustainability and has the support of the local Aboriginal community and other stakeholder groups.*

*The Ministry accepts the Provincial Auditor's findings with respect to the required resource inventories. The Ministry will assess the status of its existing resource inventories and set priorities for completing inventories with available staff and financial resources.*

***In respect of evaluating and reporting on the sustainability of park ecosystems, the Ministry accepts the Provincial Auditor's findings and is currently developing a framework to define indicators. This framework will address various components of the environment including land, water, and species as potential indicators of sustainability.***

***The Ministry agrees with the findings of the Provincial Auditor with respect to implementation plans. As is the case with management plans, the Ministry will ensure that available financial and human resources are directed to the most critical areas.***

## Species at Risk of Extinction in Ontario

The province enacted the *Endangered Species Act* in 1971 to provide for the conservation, protection, restoration, and propagation of species of flora and fauna of the province of Ontario that are threatened with extinction. In 1999, Ontario's Living Legacy program, which was established to provide a long-term program of natural-heritage protection in the province, inaugurated the Species at Risk Project. Although the project is responsible for species at risk throughout the province—not just in parks—it is administered through the Ontario Parks Program. The project provides advice on the development of regulations, policies and guidelines, recovery plans, partnership agreements, and field projects across Ontario. The goal of the project is to maintain, enhance, or restore the ecological sustainability of ecosystems to achieve the conservation, protection, or recovery of species at risk, and the existence of healthy populations of all native species that make up and contribute to the biological diversity of these ecosystems. For the 2001/02 fiscal year, the project received base funding of \$187,000 from the Fish and Wildlife Program and \$2.2 million from the Ontario's Living Legacy initiative.

The Ministry's Committee on the Status of Species at Risk in Ontario (COSSARO) conducts reviews of available data on those Ontario species that are to be considered for evaluation by the federal Committee on the Status of Endangered Wildlife in Canada (COSEWIC). In 1996, in conjunction with its federal and provincial counterparts, the Ministry signed the Accord for the Protection of Species at Risk and committed to a national approach for the protection of such species. In signing the agreement, the Ministry recognized COSEWIC as the source of independent advice on the status of species at risk. Approximately 47% of all nationally designated species at risk are in Ontario, and 80% of these species are native to southwestern Ontario.

We reviewed the Ministry's efforts to protect and restore species at risk and had the following concerns:

- The Ministry did not have an overall strategy for species at risk even though the *Endangered Species Act* has been in force since 1971. Such a strategy would set out the principles, goals, and general policies that would enable the Ministry to develop a

structured program for species at risk. At the completion of our audit in January 2002, we were informed that the Ministry was in the process of developing such a strategy.

- As of January 2002, the Ministry did not have recovery plans in place for most of the 29 species protected under the *Endangered Species Act*. Some of these species were designated as endangered by regulation under the Act as long ago as 1973. The following table specifies the recovery plan status of the 29 species.

### Recovery Plan Status for Endangered Species

Recovery Plan Status	Number of Species	Comments
Completed	5	
Draft stage	10	7 were designated prior to 1995
Not started	14	7 were designated prior to 1978

*Source of data: Ministry of Natural Resources*

Without recovery plans, it is difficult for the Ministry to effectively manage species at risk to ensure both the continued existence of such species within the province and their future sustainability. For example, COSEWIC has determined that three species that were designated as endangered by regulation under the *Endangered Species Act* can no longer be found in the province. They are the Timber Rattlesnake, regulated in 1973, and two butterfly species regulated in 1990—the Frosted Elfin and Karner Blue butterflies. Two of these species never had a recovery plan in place, and the recovery plan for the remaining species was only in the draft stage.

- Both COSSARO and COSEWIC had determined that, in addition to the 29 species already identified, another 31 species in Ontario were endangered, and these species were recorded on a backlog list, yet to be regulated. Some of these species were designated as endangered as long ago as 1984. Delays in addressing the needs of these endangered species may result in their extinction in the province.

#### Recommendation

**To properly manage species at risk and to help sustain and increase endangered populations, the Ministry should:**

- **develop an overall strategy to provide for the conservation, protection, restoration, and propagation of species at risk;**
- **clear up the backlog for regulating identified endangered species; and**
- **prepare and implement recovery plans to help prevent species from becoming extinct in the province.**



### **Ministry Response**

***The Ministry agrees with the Provincial Auditor's findings with respect to the need for an overall strategy for species at risk. The Ministry completed a Draft Strategy for Species at Risk in Ontario and circulated it for internal review within the Ministry in February 2002. Pursuant to internal approval the document will become available for external review.***

***The Ministry accepts the recommendation of the Provincial Auditor with respect to clearing up the backlog for regulating identified endangered species. It is important to recognize that the provincial Endangered Species Act is not the only mechanism available to provide protection. Legal and/or policy-level protection is also provided to species and habitats under other provincial and federal statutes, including: the Fish and Wildlife Conservation Act, the Provincial Parks Act, the Crown Forest Sustainability Act, the Planning Act, the federal Fisheries Act, and the federal Migratory Birds Convention Act.***

***Additional funding made available under Ontario's Living Legacy has enabled the Ministry to partially address the backlog on a priority basis.***

***The Ministry agrees with the Provincial Auditor's finding that recovery plans should be developed and action plans implemented to help prevent species from becoming extinct in the province. In keeping with the 1996 Accord for the Protection of Species at Risk in Canada, the Ministry will develop recovery plans for Ontario's endangered and threatened species and is implementing a broad range of activities to manage species at risk, including stewardship, research, monitoring, habitat restoration, and awareness.***

***Ontario is home for more species at risk than any other jurisdiction in Canada. Given the workload associated with providing for the protection, conservation, and recovery of these species, Ontario has initiated the development of a proposed evaluation process, "Assessment of Conservation Priorities", which will be used in determining where to allocate resources in a manner that addresses the most urgent conservation needs.***

***Ontario will be the lead for developing recovery strategies for endangered and threatened species (for which Ontario has jurisdictional responsibility) that occur solely in Ontario and will co-lead the development of recovery strategies where a species occurs in Ontario as well as in other provinces or territories.***

***Recovery strategies will be developed for individual species where the habitat requirements and the specific limiting factors warrant a single species plan and on an ecosystem basis in which the focus will be on recovering the habitat of multiple species that may be endangered, threatened, or at other levels of risk.***

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## Enforcement Activity

The *Provincial Parks Act* stipulates that no person shall remove, damage, or deface any property of the Crown or damage or deface any relic, artifact, or natural object or any site of archaeological or historical interest within a provincial park. In addition, to ensure that the Ontario Parks Program can continue to contribute to the enjoyment of present and future park visitors and to protect park ecosystems, the Act regulates human activities within the park such as mining, fishing, camping, and recreational pursuits. The Ministry employs approximately 250 park wardens to enforce the legislation by conducting general deterrent patrols to protect park property and natural resources. An additional 150 ministry staff, including all park superintendents and assistant superintendents, have the power and authority of a park warden. Park superintendents are responsible for ensuring that the level of enforcement activity carried out by park wardens is adequate. Within park boundaries, park superintendents and wardens have all the power and authority of members of the Ontario Provincial Police.

We visited a number of provincial parks and reviewed the overall enforcement activities. We also reviewed the enforcement monitoring reports maintained at these parks and, from either interviews or surveys, we received responses from over 90% of the 59 provincial park superintendents. Based on this work, we concluded that park resources were not adequately protected and that enforcement efforts needed to be improved.

Overall, three-quarters of the park superintendents who responded stated that the parks that they are responsible for had not been adequately maintained to ensure that natural resources were protected. Specifically, with respect to operating parks, almost 70% of the park superintendents indicated that the parks were not being effectively patrolled and that the Ministry's minimum operating standards relating to enforcement were not being met due to inadequate funding, insufficient staff, and substandard equipment. As a result, park wardens noted that they were not able to adequately carry out enforcement activities. There were also a number of customer complaints regarding the lack of enforcement staff in operating parks. For example, park campers expressed concern about their safety in the evening hours and expected major campsites to be patrolled by park wardens.

Enforcement activity was also inadequate in non-operating parks. Most park superintendents noted that insufficiency of resources was the reason for this inadequate level of enforcement activity. Over half the superintendents stated that staff visit non-operating parks once a year, not at all, or only when specific concerns are brought to their attention. We were informed that enforcement resources are allocated according to immediate priorities, which mainly involve the patrolling of operating parks. Most enforcement activity in non-operating parks is reactive and results from information received from volunteers, native groups, local police, park visitors, and other concerned citizens.

Park superintendents also informed us that, because enforcement activity was inadequate in non-operating parks, they were not fully meeting their protection responsibilities. The Ministry's enforcement policies deal primarily with activities in operating parks, with no

specific guidelines outlining park wardens' responsibilities in non-operating parks. Superintendents noted examples of illegal camping, hunting, cutting down of trees for firewood, use of recreational vehicles in parks, vandalism, and boundary encroachment by adjacent landowners. Some of these violations may be eliminated or reduced with periodic, risk-based patrolling, formalized in the Ministry's minimum operating standards.

Park superintendents noted that, as a result of the lack of enforcement, resources had been adversely affected and in some cases destroyed. However, they indicated that the extent of damage or effect on wildlife habitats cannot be determined, both because an inventory of what species or resources exist in the park is not available and because no statistics are maintained on the known damage to park resources. Therefore, there is a significant risk that the Ministry may not be maintaining provincial parks for the benefit of future generations as required by the *Provincial Parks Act*.

#### **Recommendation**

**To help ensure that provincial park resources are adequately protected, the Ministry should:**

- review the level of enforcement activity in both operating and non-operating parks to determine whether there are adequate levels of funding, staff, and equipment for park superintendents and wardens to carry out their enforcement responsibilities; and
- develop specific guidelines outlining a risk-based enforcement strategy for non-operating parks.

#### ***Ministry Response***

***The Ministry will undertake a review of the current park enforcement operating standard contained in the minimum park operating standards manual for operating parks.***

***Since 1983 more than 150 new provincial parks (3.9 million hectares) have been added to the system. This significant expansion of the system has placed additional demands on enforcement activity in both operating and non-operating parks. Since 1996, the Ministry has increased its efforts in the area of park enforcement patrols. In 1996 there were 14,759 person-days of effort in enforcement, while in 2001 there were 18,987 person-days, representing a 28% increase.***

***The Ministry will also develop a strategy for enforcement at non-operating parks based on the level of risk.***

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## **MEASURING AND REPORTING ON PROGRAM EFFECTIVENESS**

### **Measures of Ecological Sustainability**

In 1991, the Ministry produced a policy document termed *Directions '90s*. That document indicated that the basis of future policy development would be the sustainable development of natural resources. Sustainable development is development that meets the economic, social, and environmental needs of the present generation without compromising the needs of future generations. Accordingly, throughout the 1990s, the Ministry attempted to develop desired outcomes to measure its success in achieving the sustainable development of natural resources. In 2000, the Ministry updated its policy with a document termed *Beyond 2000: Ministry of Natural Resources' Strategic Directions*. This document formally adopts the Ministry's objective of ecological sustainability and sets out the strategies that will help to achieve this outcome.

Ontario Parks' 2000/01 Business Plan noted that the Program's objective was to "protect and manage provincially significant natural, cultural and recreational environments in a system of provincial parks and provide a variety of outdoor recreational activities." The Business Plan detailed a set of desired outcomes but did not define performance measures to assess the overall effectiveness of the Program in meeting its objective of ecological sustainability.

Currently, the Program only collects information and reports on two performance measures. The first measure is the economic and social benefits of provincial parks expressed in terms of the number of park visitors. The second measure relates to the protection of the natural resource base with respect to endangered species in terms of the number of species regulated and number of recovery plans prepared and completed. These measures relate to activities involved in operating provincial parks and do not indicate whether natural resources are being sustained. The Ministry has not developed effectiveness measures to specifically address the desired outcomes identified in the Business Plan and determine whether the Program is fulfilling the Ministry's objective of ecological sustainability.

Without an overall assessment of program effectiveness, such as the number of management plans prepared and implemented, the Ministry cannot determine whether its policies and management practices are successful in achieving its objective of ecological sustainability of provincial park resources. Ministry staff agreed that such an overall assessment was needed. However, information available was insufficient to measure the achievement of the Program's objective.

In this regard, in May 2001 the Ministry completed an ecological framework report entitled *An Approach for Monitoring in Ontario's Provincial Parks and Protected Areas*. The purpose of this framework is "to assist Ontario Parks branch in the development of an approach to inventory, monitor, assess and report on long-term ecological health and

integrity, and the cumulative effect of human activities in Ontario's provincial parks and conservation reserves." Through this process, the Ministry hopes to identify indicator species to be monitored to determine the state of natural resources and ultimately whether there is ecological sustainability. The species and ecological changes are to be monitored and measured so that timely and effective action can subsequently be taken and ecological sustainability can be assessed.

As a first step, in January 2002 the Ministry undertook a four-year assessment of its protected areas. The Ministry plans to assess pressures on the environment such as human recreational use, toxins and pollutants, habitat modifiers, climate changes, and variations in flora and fauna. The Ministry will use the results of the assessment as part of its monitoring of the ecological health and integrity of provincial park resources.

#### **Recommendation**

**The Ministry should develop performance measures for use in assessments that help to ensure the ecological sustainability of provincial park resources.**

#### ***Ministry Response***

***The Ministry accepts the Provincial Auditor's findings. With available resources, currently provided through short-term Ontario's Living Legacy funding, the Ministry is taking several steps to address this concern including:***

- ***developing a Parks and Protected Areas Ecological Monitoring Program;***  
***and***
- ***completing year one of a four-year assessment of natural and human-induced stresses affecting Ontario's provincial parks that, upon completion, will help the Ministry to assess the nature and degree of threats to the system and to set priorities on what indicators should be monitored and on how they should be monitored.***

## ***DUE REGARD FOR ECONOMY AND EFFICIENCY***

### **Park Reservation and Accounting System**

In 1999, the Ministry entered into a five-year agreement with a private contractor to operate the Computer Reservation and Registration Accounting System, which is used by the public to make reservations for provincial park camping sites. The service provider operates a call centre and an Internet site for taking reservations. The contractor also provides the necessary personnel, as well as computer software and equipment. For the 2000/01 fiscal year, the Ministry paid the provider approximately \$2 million to operate the reservation system.

We reviewed the selection of the service provider and concluded that the vendor was competitively acquired in accordance with government policy. We also reviewed the performance of the service provider and the Ministry's monitoring of security measures and procedures and had the following concerns:

- The service provider has not met the customer service standard detailed in the agreement, whereby 80% of the telephone calls are to be answered within 20 seconds. The service provider is responsible for ensuring that adequate staffing levels are maintained to meet this standard. From February 2000 to September 2001, the Ministry determined that the standard was often not met and levied a penalty of \$129,000 for the time periods when the service provider had not met the customer service standard. We conducted our own test and found that 65% of our calls were not answered either because of a busy signal or because we were put on hold for 15 minutes (after which time we hung up the telephone). At the completion of our audit in January 2002, the service provider had not paid the penalty and, under the terms of the agreement, had asked for arbitration by a third party.
- In February 2000, prior to implementation, the Ministry hired a consultant to test the system for security, and any problems noted were subsequently corrected. However, since February 2000 the Ministry has not carried out any other security tests of the system to verify that the security features to protect information being transmitted over the Internet were operating effectively. Management Board of Cabinet directives require that contracts with service providers include a provision for periodic independent security reviews of information technology facilities. The Ministry's agreement with the contractor did not include such a provision.

### **Recommendation**

**The Ministry should more closely monitor its service provider to ensure that customer service requirements are being met and ensure that future contracts with service providers include a provision for periodic independent security reviews.**

### ***Ministry Response***

***The Ministry monitors the performance of the reservation call centre on the basis of daily and weekly reports. The Ministry also monitors the quality of customer service through customer comments and complaints. On balance, the level of customer satisfaction is high, and the Ministry receives very few complaints regarding long hold times or busy signals. Nevertheless, the Ministry will undertake to enhance service-provider monitoring by dedicating resources to conduct random testing and sampling of response times.***

***The Ministry will include a provision for periodic independent security review in future contracts with service providers. The Park Reservation and***

**Accounting System went on-line in March of 2000. The Ministry has now established a semi-annual security check of the Internet reservation system. The security checks are to be conducted by an independent consulting firm.**

## Capital Infrastructure Maintenance

The Ministry estimates that the value of the provincial park capital infrastructure, excluding land, is approximately \$800 million. This infrastructure includes buildings, visitor centres, water distribution systems, sewage treatment facilities, roads, bridges, docks, and equipment. Since 1996, when Ontario Parks was created as a new business model, capital expenditures have been as outlined in the following table.

**Ontario Parks  
Capital Expenditures,  
1996/97–2001/02**

Fiscal Year	Capital Expenditure (\$)
1996/97	9,579,000
1997/98	9,801,000
1998/99	12,203,000
1999/2000	13,781,000
2000/01	19,303,000
2001/02	15,569,000

*Source of data: Public Accounts of Ontario*

According to the Ministry, the majority of the existing capital infrastructure within the parks is between 20 and 45 years old and is approaching the end of or is beyond its useful life. Our review of the capital process indicated that the Ministry had a backlog of infrastructure projects and insufficient funding allocated to complete them. This results in the continued deterioration of the infrastructure facilities. Details of our concerns follow.

Over 80% of the park superintendents responding to our survey indicated that funding for infrastructure maintenance was inadequate and did not fulfill the needs of the parks. They rated over two-thirds of the infrastructure facilities as marginal or unsatisfactory with required improvements outstanding for more than two years. The majority of these parks required improvements relating to washroom facilities, roads, playgrounds, water systems, and administrative buildings. In addition, customer comment cards indicated that satisfaction with park facilities decreased from 54% in 1997 to 45% in 2001.

The Ministry estimates that the annual costs to maintain and rehabilitate its existing park infrastructure should be approximately \$16 million. While annual capital funding that the

Program receives approximates this amount, part of the capital funding is designated for non-maintenance expenditures such as land acquisitions and new initiatives. For the 2001/02 fiscal year, the Ministry estimated that an additional \$8.5 million in capital funding was needed to adequately maintain the parks' infrastructure. Consequently, deferring annual maintenance may result in accelerated structural deterioration that would eventually require more costly replacement. The Ministry estimated that the funding required to bring the capital infrastructure to an acceptable state was \$420 million.

Over 75% of the superintendents indicated that outstanding infrastructure deficiencies posed a possible threat to health and safety. For example, some staff housing did not meet the fire code, had structural problems, or contained mold that could cause health problems.

In addition, by regulation under the *Ontario Water Resources Act*, park water treatment and distribution systems are required to meet provincial standards by December 31, 2002. Although the Ministry implemented a water improvement program in September 2000 to address water system deficiencies in provincial parks and comply with the requirements of the *Ontario Water Resources Act*, there is a risk that the Ministry will not meet the December 31, 2002 deadline (subsequent to our audit, this deadline was extended to July 1, 2003). The Ministry had identified 58 projects that needed to be completed to comply with the requirements. However, as of January 31, 2002, most of the designs for rehabilitation were still in progress, with only one project having been approved by the Ministry of the Environment. In addition to the risk of missing the deadline, there is a risk that the Ministry will operate provincial parks for the 2003 season with water treatment and distribution systems that do not meet provincial standards.

#### **Recommendation**

**To ensure that provincial parks are maintained for the benefit of future generations and to correct infrastructure deficiencies that may pose a threat to health and safety, the Ministry should take action to bring the parks' infrastructure to a satisfactory state.**

#### ***Ministry Response***

***The health and safety of park staff and visitors are of paramount importance to the Ministry. The Ministry has taken steps to ensure that any infrastructure deficiencies that may pose a threat to the health and safety of staff and visitors will be corrected. The Ministry will continue its ongoing efforts to restore the parks' infrastructure with available resources.***

***With the introduction of new drinking water standards, the Ministry has undertaken a major initiative to upgrade drinking water systems in provincial parks. The provision of drinking water in provincial parks meets current Ministry of Environment standards. The filtration requirements under the new regulatory standards of the Ontario Water Resources Act will come into effect on December 31, 2002. The Ministry will ensure that the provision of drinking***



*water in provincial parks for the 2003 season will meet the new provincial standards. To date, the Ministry has implemented the operational requirements of the new drinking water standards that came into effect in August 2000.*

## Provincial Park Movable Assets

We reviewed the Ministry's management of provincial park movable assets such as furniture, tools, equipment, computers, and machinery. We concluded that the controls in place to properly account for and safeguard these assets were inadequate. Proper controls are essential as movable assets are susceptible to loss or theft. The Ministry had used an asset management system to record and track movable assets, but the system has not been operational since 1998, when incompatible technology was implemented. The Ministry did not replace the asset management system.

Ministry policy requires that park superintendents maintain an up-to-date inventory list of the movable assets in their parks that is to be submitted to head office at least annually. However, many of the parks we visited had not maintained an inventory list since 1998 when the asset management system was discontinued. The purchases from April 1, 1998 to December 31, 2001 of assets that should have been controlled and included on the asset list totalled \$4.2 million. In addition, we found that the asset control function at these parks was a low priority for superintendents. Over two-thirds of the superintendents responding to our survey indicated that their asset inventory was not current and most dated back to 1998. The Ministry also did not ensure that superintendents performed a periodic physical verification of assets. Without a complete listing of movable assets, the Ministry was not in a position to effectively monitor park assets.

In January 2002, the Ministry released a new policy and guideline for movable assets detailing the mandatory minimum requirements for the effective management of movable assets. All assets are to be recorded and tracked using a new asset management system.

### Recommendation

**To properly control and safeguard provincial park movable assets, the Ministry should develop and implement a new asset management system to permit the effective implementation of the new movable asset management policy and guideline.**

### Ministry Response

***The Ministry agrees with the recommendation of the Provincial Auditor. The Ministry has implemented a new asset management system for the program areas that were using the older Asset Management Inventory system. In addition, park superintendents are required to conduct periodic verification of assets as per ministry policy and procedure.***

## Ontario Parks Special Purpose Account

Effective April 1, 1996 the Ministry established the Ontario Parks Special Purpose Account in the province's Consolidated Revenue Fund. All revenues received under the *Provincial Parks Act* are to be deposited into this account and used, as directed by the Minister of Natural Resources, to make payments related to the care, preservation, improvement, control, and management of provincial parks. Park revenue is derived from user fees, equipment rentals, concession sales, and fines. During the 2000/01 fiscal year, revenue totalling \$37 million was deposited to the credit of the Special Purpose Account.

In order to properly account for all provincial revenue, the *Financial Administration Act* requires that all public money be deposited to the credit of the Minister of Finance and reflected in the Consolidated Revenue Fund. For some provincial parks, the Ministry has entered into agreements with third-party contractors to either operate the entire park or operate access points into the park. The Ministry has allowed contractors to retain all or a portion of the fees collected as park revenues and expenditures are understated in the Public Accounts of Ontario by the amount of revenue retained by contractors.

We also reviewed revenue collection for ministry-operated parks. Daily revenue collection summaries are to be submitted at least weekly to the Ministry for reconciliation with deposits into the Consolidated Revenue Fund. Once the reconciliation is complete, the Ministry of Finance is to transfer the funds to the Ontario Parks Special Purpose Account. However, there have been significant delays in the Ministry's reconciliation process that have prevented the timely transfer of revenue from the Consolidated Revenue Fund to the Special Purpose Account. Consequently, we estimate that the Ontario Parks Program has lost interest revenue that amounted to approximately \$250,000 for the period from August 1999 to October 2001.

### Recommendation

**To ensure that all public money is properly accounted for and the Ontario Parks Special Purpose Account earns all the interest it is entitled to, the Ministry should:**

- require that contractors deposit all provincial park revenue into the Consolidated Revenue Fund as stipulated by the *Provincial Parks Act* and the *Financial Administration Act*; and
- perform the necessary reconciliations on a timely basis.

### Ministry Response

***The Ministry will undertake a review of the practice of allowing third-party contractors to retain all or a portion of the fees collected as reimbursement for their services to ensure compliance with applicable legislation. The Ministry is also taking steps to ensure that reconciliations are completed in a more timely manner. For the 2002 operating season, the Ministry has directed additional resources to revenue reconciliation.***