

Reflections

Introduction

At the Office of the Auditor General, we audit a wide range of services and programs delivered by government, agencies of the Crown and organizations in the broader public sector, and identify areas that need improvement. We take great care to make practical recommendations from our audit findings that these entities can implement to improve the services they provide to Ontarians.

We believe that identifying problems and offering potential solutions is only the first step; the real work begins when those responsible take action to put our recommendations into practice. It is for this reason that a key part of our Office's work is to follow up on our past audits to assess the progress made on our recommended actions.

Our follow-up work consists mainly of discussion with the entities we've audited and review of supporting documents they provide. We appreciate their continued co-operation in providing us with comprehensive status updates.

In 2017, our Office began to produce a new volume (Volume 2) dedicated to the follow-ups we complete two years after our initial value-for-money and special audits were completed. This volume also includes our follow-up work on the recommendations issued by the Standing Committee on Public Accounts, also two years after it issues its reports in the Legislative Assembly.

This year, Volume 2 contains the follow-up work we completed on our 2016 value-for-money audits,

on the 2016 Special Report titled *Government Payments to Education-Sector Unions*, and on the recommendations issued by the Standing Committee on Public Accounts in 2017/2018. In addition, we have once again included **Chapter 4**, which contains our follow-up work on all audit recommendations issued from 2012 to 2015.

In 2016/17, we established a database to electronically track our recommendations and their implementation status from 2012 forward, and the recommendations of the Standing Committee on Public Accounts from 2015 forward. We believe that following up on issued recommendations is more cost-effective than re-auditing the same operations as another audit could result in the same recommendations being issued as were issued in previous years.

Chapter 1—Follow-Up Reports on 2016 Annual Report Value-for-Money Audits

This year's report contains 16 follow-up reports from the value-for-money audits published in our *2016 Annual Report*. We note that, consistent with previous years, progress has been made toward implementing about 66% of our recommended actions (71% in 2017). We note that only 35% have been fully implemented, but that this is higher than last year's rate for full implementation of 33%.

We are encouraged by the implementation of our recommendations and program improvements in a number of areas. For example:

- **Section 1.15 The Provincial Public Appointment Process**—The Treasury Board Secretariat has made significant progress in many areas including, for example, implementing a new IT system to better support ministries and agencies in the appointment process. It has either implemented or is working to implement 100% of our recommendations.
- **Section 1.16 Public Accounts of the Province**—The Office of the Provincial Controller Division has either fully implemented or is in the process of implementing 100% of our recommended actions. For example, since our audit, the Province has recorded a full valuation allowance against the net pension assets of the Ontario Teachers' Pension Plan and the Ontario Public Service Employees Union Pension Plan in its consolidated financial statements for the year ended March 31, 2018. In addition, in those same statements, the Province recorded the full financial impact of the reduction in Ontarians' electricity rates resulting from the implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- **Section 1.08 Large Community Hospital Operations**—The Ministry of Health and Long-Term Care has provided us with information supporting its implementation of 76% of our recommended actions, with work proceeding on a further 18% of recommended actions. The implementation of these recommendations was specifically in the areas of monitoring bed-wait times on a regular basis, developing a crisis response system to handle difficult cases and high case volumes, publicly reporting wait-time performance data by the urgency levels of surgeries, and performing maintenance on medical equipment.
- **Section 1.14 Information and Information Technology General Controls**—The Office of the Corporate Chief Information Officer and the information and information technology (I&IT) clusters have made considerable progress in implementing 36% of our recommended actions and are in the process of implementing another 58%. One such action is looking into modernizing systems that are deemed to be at the end of their life cycle.
- **Section 1.03 Electronic Health Records' Implementation Status**—The Ministry of Health and Long-Term Care and eHealth Ontario have fully implemented 26% of our recommended actions, and have made progress in implementing an additional 65% of the recommendations. For example, the Ministry and eHealth Ontario have established and communicated a consistent definition of "active user" across the province, examined the reasons for the low rate at which health-care professionals adopted electronic health records, and prepared a plan to address the root causes of the low usage rates.
- **Section 1.13 Supply Chain Ontario and Procurement Practices**—The Ministry of Government and Consumer Services, on behalf of ministries across the province, and the Treasury Board Secretariat have either implemented or are making considerable progress in implementing 90% of our recommended actions.
- **Section 1.09 Metrolinx—Public Transit Construction Contract Awarding and Oversight**—Overall, Metrolinx has made progress on a number of recommendations, fully implementing 53% of our recommendations and being in the process of implementing 37% of them. For example, Metrolinx has made progress on completing the implementation of its vendor performance management program that measures and manages the performance of vendors, and takes vendors' performance into account when evaluating their submissions for new contracts. However, work is still required for Metrolinx to complete an assessment of its contract management practices with Canadian National Railway and Canadian Pacific Railway to

ensure that costs paid are reasonable and relate only to contracted work.

- **Section 1.10 Ministry of Transportation—Road Infrastructure Construction Contract Awarding and Oversight**—The Ministry of Transportation has taken steps to implement our recommendations. A total of 63% of the actions we recommended had been fully implemented, while 13% were in the process of being implemented. After a review of its payment practices and requirements for asphalt, the Ministry suspended paying bonuses to contractors for asphalt mix properties and compaction, and increased its requirements for pavement compaction and pavement smoothness.
- **Section 1.12 Specialty Psychiatric Hospital Services**—The Ministry of Health and Long-Term Care has either fully implemented or is in the process of implementing 71% of our recommended actions. The Ministry indicated that the change in government has required new policy development to align with the articulated priorities and funding commitments of the new government.
- **Section 1.04 Employment Ontario**—The Ministry of Training, Colleges and Universities has either fully implemented or is in the process of implementing 60% of our recommended actions. For example, the Ministry had developed Ontario's apprenticeship strategy in February 2018 and was developing an evaluation framework to develop key performance indicators across all employment and training programs.

While we are encouraged by the progress made on many of the recommended actions from our *2016 Annual Report*, we have also noted a few areas where little or no action has been taken. For example, while some progress has been made on the implementation of recommendations, certain ministries were not able to provide the dates by which the recommendations would be fully implemented.

- **Section 1.01 Child and Youth Mental Health**—The Ministry of Children, Community and Social Services and the four child and youth mental health agencies that we visited during our 2016 audit have made little progress on over 75% of our recommended actions. The Ministry indicated that it would need more time to implement the recommendations. We note that the government recently announced that the Ministry of Health and Long-Term Care will be taking on the responsibility for policy and financial accountability for child and youth mental health.
- **Section 1.06 Environmental Assessments**—The Ministry of the Environment, Conservation and Parks has made little progress on over 60% of our recommended actions. Recommended reviews of bump-ups and the *Environmental Assessment Act* have not yet been completed and, while the Ministry indicated that it expected to complete various reviews by the end of 2018, it was not able to provide dates for when the results of these reviews would actually be implemented.
- **Section 1.11 Physician Billing**—The Ministry of Health and Long-Term Care has made little progress on 48% of our recommended actions. For example, the Ministry has made no progress on obtaining accurate information on physicians' practices, including their operating costs and their profit margins in providing Ontario Health Insurance Plan (OHIP) services.
- **Section 1.05 Environmental Approvals**—The Ministry of the Environment, Conservation and Parks has made little progress on 46% of our recommended actions. These included establishing guidelines and targets to ensure approved emitters are operating with conditions consistent with current standards, and revising the Ministry's financial security policy to ensure that financial security amounts are regularly re-evaluated

to accurately reflect future clean-up costs. Work on both of these recommendations had started, but it was very preliminary, and the Ministry had not yet determined when it expected full implementation.

Regarding the follow-up report in **Section 1.02 Climate Change**, many of our recommended actions are no longer applicable due to changes in government decisions and policy. Specifically, with the change in government and the passing of Bill 4, the *Cap and Trade Cancellation Act*, 39% of the actions we recommended are no longer applicable. In addition, the Ministry of the Environment, Conservation and Parks has made little or no progress on 50% of the recommendations.

The follow-up report in **Section 1.07 Housing and Supportive Services for People with Mental Health Issues (Community-Based)** indicates that the Ministry of Health and Long-Term Care and the Local Health Integration Networks (LHINs) have made little progress on over 50% of our recommended actions. The Ministry and the LHINs have fully implemented only one recommendation, which relates to the identification and sharing of best practices in supportive housing. The Ministry has not developed strategies and processes to transition individuals who no longer require supportive housing to other forms of housing. As well, the Ministry is not conducting analyses of the costs of housing clients under each of the housing programs in the short and long term, and not conducting routine site visits to the supportive housing properties it funds. The Ministry is currently seeking policy approval for multi-year mental-health and addictions initiatives tied to a \$3.8-billion provincial and federal commitment to build a comprehensive mental-health and addictions system. The Ministry expects that these initiatives, once implemented, will address a number of our recommendations.

Chapter 2—Follow-Up Reports on Special Reports

The Ministry of Education provided us with information indicating that almost 70% of the recommended actions in our Special Report titled *Government Payments to Education-Sector Unions* had been implemented, while the status of the remaining recommendations (30%) was little or no progress. Fully implemented recommendations include: issuing a policy that established a Provincial Committee on Ministry Initiatives to provide advice to the Ministry on new or existing Ministry initiatives relating to improving student achievement and well-being; meeting with education-sector unions to obtain feedback on how the *School Boards Collective Bargaining Act, 2014* and the central-bargaining process could be improved for future rounds of negotiations; not funding unions' bargaining costs in the future; not funding unions for purposes other than professional development outside of the collective bargaining process; amending the *Public Sector Salary Disclosure Act, 1996* to specifically make trustees' associations subject to salary disclosure requirements; and eliminating the practice of entering into multiple transfer-payment agreements with overlapping eligibility periods.

Chapter 3—Follow-Up on Reports Issued by the Standing Committee on Public Accounts

Members of the Standing Committee on Public Accounts (Committee), which is composed of MPPs from both parties of the Legislature with official party status and supported by its Committee Clerk and legislative researchers, are dedicated to improving government programs and services delivered to—and funded by—the people of Ontario. In addition to holding hearings on chapters in our annual reports and on our special reports, the Committee makes observations and issues recommendations in its own reports, which further promote positive change by the entities we audit.

Chapter 3 of this report includes the follow-ups we have conducted on the Committee's recommendations from eight reports it issued in 2017/18. We continue to see a positive response from government and agencies in the broader public sector to the Committee's work. Overall, 70% of the recommendations made by the Committee were fully implemented in the eight reports issued. In particular, we are encouraged by the implementation of the recommendations and program improvements in **Section 3.04 Long-Term-Care Home Quality Inspections**. The Ministry has fully implemented or is in the process of implementing 100% of the 25 actions recommended in the Committee's report.

Regarding the follow-up report in **Section 3.01 Child and Youth Mental Health**, the status of actions implemented was minimal, which is similar to the status of actions we recommended in our value-for-money audit of the same topic (see **Chapter 1, Section 1.01 Child and Youth Mental Health**). Of the 28 actions recommended by the Committee, the Ministry of Children and Youth Services was in the process of implementing only one recommendation, and had made little or no progress on implementing the remaining 27 recommendations.

Chapter 4—Follow-Up on Audit Recommendations from 2012 to 2017

Follow-Up on Recommendations Issued by the Office of the Auditor General in 2012, 2013, 2014 and 2015

This chapter marks the second year that our Office has followed up on value-for-money audits beyond our initial two-year follow-up work. It includes follow-ups for audit reports issued in 2012, 2013, and 2014, along with the addition of 2015 this year.

Through our work, we have found that the implementation of recommended actions two years after the initial audit report is generally increasing. Of the recommended actions from 2012 to 2015,

59% have been fully implemented. This is encouraging since it demonstrates that our continuous follow-up work is having an impact on recommendations being implemented.

This implementation rate reflects some ministries and organizations that have implemented most recommendations, and some that have implemented none. Ontario Power Generation, the Treasury Board Secretariat, the Financial Services Commission of Ontario, the Ministry of Finance, and Infrastructure Ontario have implemented over 70% of our recommended actions. In contrast, the Ministry of Transportation has implemented less than 30% of recommended actions from 2012, 2013, 2014 and 2015. While the combined implementation rate for these years has improved to almost 60%, we remain concerned that about 40% of the recommended actions issued five years ago or more (excluding those that are no longer applicable) have still not been implemented.

A significant number of the recommended actions that are in the process of being implemented relate to effectiveness/cost-effectiveness and monitoring, and oversight improvements. More specifically, the categories that have the lowest implementation rates addressed public reporting, access to care or services, and funding or costs.

During this year's follow-up work, ministries, agencies and broader-public-sector organizations advised us that 30% of the remaining outstanding recommended actions are in the process of being implemented. We will continue to follow up on their status of implementation next year.

Follow-Up on Recommendations Issued by the Standing Committee on Public Accounts from 2015 to Early 2017

As of March 31, 2018, 65% of recommended actions issued by the Standing Committee on Public Accounts from March 2015 to March 2017 have been fully implemented. Of the 19 ministries, Crown agencies and broader-public-sector organizations that were the subject of the Committee's

reports tabled between March 2015 and March 2017, four organizations had fully implemented all of the Committee's recommended actions: the Ministry of Training, Colleges and Universities, the Ministry of Infrastructure, the Independent Electricity System Operator, and Ontario Power Generation. There were two ministries or agencies that had implemented less than 40% of the Committee's recommended actions: Universities (the University of Ontario Institute of Technology, 50%; the University of Toronto, 25%; Brock University, 25%), and Women's Issues (previously referred to as the Ministry of the Status of Women).

Acknowledgements

The information contained in this Volume and Volume 1 of our *2018 Annual Report* is the result of the excellent work of the dedicated staff of my

Office. On their behalf, I would like to thank the many people in the public and broader public sector who have assisted us in the completion of this year's follow-up reports. A special mention goes to Richard Kennedy, Chief Internal Auditor and Assistant Deputy Minister, Ontario Internal Audit Division, for providing us the time of a few members of his staff who contributed to completion of work in **Chapter 4** of this volume.

We look forward to continuing to serve the Members of Provincial Parliament and through them, the citizens of Ontario.

Sincerely,



Bonnie Lysyk
Auditor General of Ontario