



Bonnie Lysyk
Auditor General of Ontario

Reflections

This is the second tabling of our Annual Report during the COVID-19 pandemic.

The past year has been challenging, not only for us in completing this work during periods of lockdowns, but also for those we audited.

Thanks to the co-operation and assistance of our auditees in the public- and broader-public sectors, and hard work and determination of my staff, we have completed our value-for-money audits with a number of recommendations for improvement, that if implemented, can benefit Ontarians.

Also included are reports on the Public Accounts, Internet Gaming, an update on our audit of Laurentian University and government advertising, as well as our two-year follow-up work on audits issued in 2019, our continuous follow-up work on audits completed in the five-year period of 2014 to 2018 and follow-up work on the recommendations issued by the Standing Committee on Public Accounts contained in the reports it has tabled in the Legislative Assembly of Ontario.

Value-for-money audits play an important role holding public-sector and broader-public-sector organizations accountable for financial responsibility, well-managed programs and transparency in public reporting.

In reviewing the results of this year's value-for-money audits, there are a number of important issues worth highlighting and key themes that stand out.

Transparent, Accessible Information for More Informed Ontarians

Transparent and accessible information can help Ontarians make more informed decisions and may lead to better outcomes. A few examples from our audits this year where further public education and awareness is needed include:

- Our audit on **Cardiac Disease and Stroke Treatment** found that in 2019/20, about 30% of patients (almost 12,000 people) who arrived at an emergency department with stroke symptoms did not go to the type of site (such as a stroke centre) best suited for stroke treatment and care. If paramedics determine a stroke has likely occurred, instead of taking the person to the nearest hospital, they generally go to a hospital specialized in stroke care. However, patients who go to a hospital on their own may unknowingly go to a hospital that is not as well-suited to treat a stroke. Further education is needed to help Ontarians identify that a stroke is happening and to call an ambulance.

- The Ontario Securities Commission (the OSC) is the largest capital market regulator in Canada. It is important that the public be aware that in Ontario and the rest of Canada, there is no fiduciary duty requirement for advisors, dealers and their representatives to act in the best interest of their clients. Our audit of the **Ontario Securities Commission** confirmed that deferred sales charges and trailing commissions have taken over a decade to be banned, and although trailing commissions will be prohibited for discount brokers/dealers (that is dealers who are not permitted, under existing regulations, to provide advice to investors) effective June 1, 2022, under the proposed rules they will still be permitted for full-service dealers. Many investors do not know how much they pay in these hidden fees or that they pay them at all. These sales practices cost Ontario investors an estimated \$13.7 billion in commissions paid from 2016 to 2020. By contrast, securities regulators in the United Kingdom and Australia have banned these types of embedded commissions since 2012.
- We noted in our audit of **Ontario Cannabis Retail Corporation** that more action is required on social responsibility, including educating the public on responsible consumption, health risks, and the differences between regulated and unregulated cannabis products.
- Our audit of **Assisted Living Services** found that familiarity with these services is low among the public and information on these services may be difficult to find. In fact, neither the Ministry of Health, many of the health regions, nor Ontario Health tracks locations of where assisted living services are provided and Ontario Health had to compile this information when we asked as part of our audit. This general lack of information represents a significant barrier to vulnerable people finding the help they need to live safely and comfortably in their homes, and to avoid long-term care or hospitalization.
- The 5G network is poised to be a game-changer with the power to fuel innovation and transform the way people live, work and play. Our audit of **5G Network Technology and the Related Pre-commercial 5G Program** highlighted that legislation currently in place in Ontario to protect privacy and ensure data security pre-dates emerging technologies such as 5G. The province has commenced preliminary work to update relevant legislation.
- We found in our audit of **Outpatient Surgeries** that more information on wait times would allow Ontarians to make more informed choices about their health care. Surgeons at the same hospital can have significantly different wait times. For example, the average wait time for one ophthalmologist was almost four times longer than another. But surgeons' wait times are not tracked or publicly reported in Ontario. In contrast, Alberta and British Columbia publicly report wait times by surgeon.
- In our audit of **Oversight of Private Career Colleges**, we found that when the Ministry of Colleges and Universities posts information on private career colleges' graduation rates and graduate employment rates, the information is at least two years old. But for up to 83% of college programs, performance indicators are not available at all. Also, the Ministry does not analyze complaints about colleges or publish repeat complaints. As a result, students are missing important information when making decisions about their vocational training.
- Our audit of **Land-Use Planning in the Greater Golden Horseshoe** found that unprecedented use of Ministers' Zoning Orders (MZOs) compounded with numerous changes to Growth Plan policies have created instability in the planning process. The lack of transparency in issuing MZOs 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 against which the Minister assesses requests for MZOs.

Service Delivery for Ontarians

A number of audits addressed service delivery for Ontarians.

In our audit of the **Ontario Provincial Police (OPP)**, in 2020, over 1,000 front-line constable positions were vacant, representing 26% of the OPP's total funded front-line constable positions. Vacancies in front-line constables appear to be contributing to a decline in the service levels provided by the OPP to municipalities. Despite increasing reported incidents of crime and calls for service in recent years, and an increase in the number of municipalities and population that the OPP serves, the number of hours of patrol that the OPP provided to municipalities and on provincial highways decreased by 28% from 2016 to 2020, from 1.36 million hours to just over 975,000 hours.

In our audit of the **Ontario Motor Vehicle Industry Council (OMVIC)** we noted that OMVIC has been accumulating larger surpluses and reserves instead of using the revenues it generates to enhance and improve consumer protection.

The **Ontario Clean Water Agency (OCWA)** provides drinking water and wastewater treatment services to an estimated 4.5 million Ontarians. Our audit found that OCWA provides safe and reliable drinking water and reliable wastewater treatment services in compliance with legislation.

Our audit on **Homelessness** determined that the Ministry of Municipal Affairs and Housing does not have an overarching strategy that effectively coordinates actions for the reduction of homelessness with other provincial ministries, municipalities, and other third-party service providers. Most of the work being done to tackle homelessness is city-specific and as a result, there exists only a patchwork of data, making it difficult to systematically understand the state of homelessness in Ontario. We found that municipalities also did not have effective processes to monitor third-party service providers and did not have sufficient consolidated information confirming whether people who are homeless are provided with the needed supports and services.

Our audit on **Personal Protective Equipment Supply (PPE)** is included in our Annual Report, and represents Chapter 6 of our *COVID-19 Preparedness and Management Special Report*. The audit confirms that Ontario was unprepared to respond to the COVID-19 pandemic with sufficient PPE, as a result of long-standing issues identified but not addressed by the Ministry of Health dating back as early as the Severe Acute Respiratory Syndrome (SARS) outbreak in 2003.

Our audit on the **Inspection and Maintenance of the Province's Bridges and Culverts** confirmed that the Ministry of Transportation performs inspections every two years on every bridge it is responsible for, as required. However, the Ministry could improve its inspection manual and processes. By keeping bridges in good repair, the Ministry is providing reliable mobility for people and goods in Ontario.

Board Governance

This year, our audits identified a need for continued attention to the fundamentals of good board governance, including delays in appointments, absent term limits, and lack of criteria in establishing board member competencies.

- Since November 2019, **Ontario Place** has been without any board members, and as a result, there has been no board member to sign-off on the financial statements. The timely appointment of board members is important for ensuring that organizations are well governed and meet their respective mandates.
- Our audit of the **Ontario Motor Vehicle Industry Council** found an overrepresentation of motor vehicle dealers on the Board (nine of 12 Board members), despite being a consumer protection agency. Further, with no term limits, we found that some Board members had served over 14 years on the Board, holding key positions such as Chair and Vice-Chair, and Secretary-Treasurer.

- In our audit of the **Ontario Securities Commission**, we found that the government did not follow the established process for board appointments twice in 2019. We also found existing board members tended to have backgrounds in industry, rather than investor protection. Including some Board members with experience in investor protection, or a clear investor protection outlook, would assist the Commission in fulfilling its mandate to protect investors.
- In our audit of **Public Colleges Oversight**, we found that board governance of public colleges could be strengthened in areas such as board member training, conflict of interest processes and board evaluations.
- In our report on **Internet Gaming in Ontario**, we highlight our concern that the governance structure of iGaming Ontario, a legal subsidiary of the Alcohol and Gaming Commission of Ontario (AGCO), compromises the AGCO's regulatory independence. An inherent conflict of interest has been established in legislation between iGaming Ontario's goal of generating profit-based revenue for the province and the AGCO's goal of effectively administering regulatory oversight of the gaming sector.

Financial Accountability and Sustainability

In our report on the **Public Accounts** we highlighted that the Auditor General issued an unqualified opinion on the province's consolidated financial statements for the year ended March 31, 2021, and we again raised the risk of the province's growing debt and the related impact of interest expense costs on program expenditures. We recommended that the province provide legislators and the public with a strategy, including long-term targets, to reduce Ontario's current and projected debt.

Our audit of the **Provincial Comptrollership Framework** identified that further work needed to be done to strengthen this new framework to play a clearer central accounting oversight role, with

stronger cross-ministry co-ordinated financial decision-making, internal controls and public financial reporting.

Our review of **Financial Reporting of School Boards in Ontario** confirmed that school board financial statements can be presented in accordance with public sector accounting standards. There are opportunities to improve disclosures on education property tax revenue and transportation partnerships in the notes to the financial statements.

In our audit of **Public Colleges Oversight**, we found that precedent-setting revenues from international students are integral to the financial sustainability of the public college system in Ontario. In 2020/21, 68% of public colleges' total tuition fee revenue came from international students. However, the Ministry of Colleges and Universities does not have a strategic plan for the sector to help mitigate the risk of a sudden decline in international students.

During our 2021 audits, we found examples where the public sector is leaving money on the table. More could be done to recover funds. For instance:

- Even in a time of COVID-19, care needs to be taken in the distribution of taxpayer dollars. The province provided funds totalling \$226 million to ineligible recipients and provided \$714 million to businesses in excess of what they requested under the Ontario Small Business Support Grant and the Property Tax and Energy Rebates Program. In our audit of **COVID-19 Economic Response and Supports for Businesses**, we examined five economic recovery programs and found that as a consequence of quick program delivery, eligibility controls were either missing entirely, poorly designed, or not applied. Of the \$210 million paid to ineligible recipients under the Ontario Small Business Support Grant, the province does not plan to recover, nor has recovered, any amounts. Of the \$16 million paid to ineligible recipients under the Property Tax and Energy Cost Rebates program, the province had recovered only 5.3% at the time of our audit,

with ongoing efforts to recoup the remainder. About 46% of businesses that received a grant received a total of \$714 million more under the Ontario Small Business Support Grant than they requested because the grant minimum payment was \$10,000.

- Our audit of **Ontario Securities Commission** found that between 2011/12 and 2020/21, the Commission collected only 28% of \$525 million of monetary sanctions it imposed. Of the money collected from such sanctions and deposited in a special fund called the Designated Fund, the OSC accumulated \$117 million as of 2020/21. Although the *Securities Act* allows this fund to be used for certain purposes, the OSC only paid out between 6% and 11% for the benefit of the investor community as well as for other purposes allowed under the Act, each year between 2016/17 and 2020/21.

The Importance of Unfettered Access to People and Information: The Auditor General's Access

With one exception, our auditees were co-operative, demonstrated their acceptance of the audit process, and conducted open and transparent discussions with us. They also provided us with the information we needed to complete our work for the Legislature and Ontarians.

There is respect in the public and the broader public sectors for our legislation, and the role of the Office of the Auditor General, and our Office is provided with unfettered access to information. Government and those who work in the public and broader public sectors understand our audit process, but even more, understand and respect that it is the right of the Legislature and Ontarians to be provided with information about taxpayer-funded public services and the use of taxpayer dollars. They co-operate because they are open to improving their programs, processes and systems for the benefit of Ontarians, even when an audit points out or confirms the need to improve.

This Annual Report shows that those who have provided information for these audits understand the critical role of accountability and transparency. It is disappointing and unfortunate that this is not understood by those governing Laurentian University, a broader public sector organization. The Standing Committee on Public Accounts passed a motion for us to conduct a Special Audit of Laurentian University. An update of our Special Audit of Laurentian University and the challenges in conducting this audit is included in this Annual Report.

Acknowledgements

On behalf of my Office, I again want to thank the many people in the public- and broader-public-sectors involved in our work for their assistance and co-operation in the completion of this year's audits.

I also want to extend my personal thanks to my professional and dedicated team, our excellent panel of external advisors, and the various subject-matter experts who shared with us their knowledge and advice during the past year.

Further, I want to acknowledge and extend best wishes to Laura Bell, Audit Director, Attest who has more than 31 years of service, and Brian Wanchuk, Audit Supervisor, who will be retiring early next year after 35 years of service to the Office and the Legislature.

Last, but not least, I also want to express my gratitude to members of the Standing Committee on Public Accounts, an all-party Committee of the Legislature, for their support, and for their dedicated work on examining the way government spends taxpayer money and the way programs are delivered for the benefit of all Ontarians.

Sincerely,



Bonnie Lysyk, MBA, FCPA, FCA
Auditor General of Ontario

Our Team

It takes a massive effort by many people to perform the research, audit, writing and administrative support work required to produce an Annual Report of this scope and substance. The following is a list of the people at our Office who worked to produce our *2021 Annual Report*, and our *Annual Report of Environment Audits* and the *Operation of the Environmental Bill of Rights, 1993*, published on November 22, 2021.

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