

Chapter 5

Section 5.07

Public Accounts of Ontario

Standing Committee on Public Accounts Follow-Up on the Public Accounts of Ontario, 2020 Annual Report

On March 31, 2021, the Standing Committee on Public Accounts (Committee) held public hearings on the audit of the Public Accounts of Ontario, a chapter in the Auditor General's 2020 Annual Report. The Committee tabled a report in the Legislature resulting from this hearing in February 2022. A link to the full report can be found at <http://www.auditor.on.ca/en/content/standingcommittee/standingcommittee.html>.

The Committee made five recommendations and asked the Treasury Board Secretariat (Secretariat) to report back by the end of June 2022. See **Figure 1** for the status of the Committee's recommendations.

We conducted assurance work between July 4, 2022 and October 21, 2022, and obtained written representation from the Secretariat that effective November 3, 2022 it has provided a complete status update of the recommendations made by the Committee.

Overall Conclusion

As of October 21, 2022, 17% of the Committee's recommendations have been implemented and 83% of the Committee's recommendations are in the process of being implemented.

Detailed Status of Recommendations

Figure 2 shows the recommendations and the status details that are based on responses from the Secretariat, and our review of the information provided.

Figure 1: Summary Status of Actions Recommended in June 2022 Committee Report

Prepared by the Office of the Auditor General of Ontario

| RECOMMENDATION STATUS OVERVIEW | | | | | | |
|--------------------------------|--------------------------|-------------------------------|-------------------------------------|-----------------------|-------------------------|----------------------|
| | # of Actions Recommended | Status of Actions Recommended | | | | |
| | | Fully Implemented | In the Process of Being Implemented | Little or No Progress | Will Not Be Implemented | No Longer Applicable |
| Recommendation 1 | 1 | 1 | | | | |
| Recommendation 2 | 2 | | 2 | | | |
| Recommendation 3 | 1 | | 1 | | | |
| Recommendation 4 | 1 | | 1 | | | |
| Recommendation 5 | 1 | | 1 | | | |
| Total | 6 | 1 | 5 | 0 | 0 | |
| % | 100 | 17 | 83 | 0 | 0 | |

Figure 2: Committee Recommendations and Detailed Status of Actions Taken

Prepared by the Office of the Auditor General of Ontario

| Committee Recommendation | Status Details |
|--|--|
| <p>Recommendation 1</p> <p>The Standing Committee on Public Accounts recommends that the Office of the Provincial Controller Division work with the Auditor General's Office to ensure continued transparency and accountability in the Public Accounts process.</p> <p>Status: Fully implemented.</p> | <p>The Office of the Provincial Controller Division (OPCD) of the Office of the Comptroller General (OCG), Treasury Board Secretariat (TBS) and the Auditor General's Office have a strong professional relationship including regular and ongoing discussions on significant accounting or Public Accounts matters to ensure transparency and accountability.</p> <p>OPCD remains committed to working with the Auditor General's Office to ensure continued transparency and accountability in the Public Accounts process.</p> |
| <p>Recommendation 2</p> <p>The Standing Committee on Public Accounts recommends that the Treasury Board Secretariat work with the ministries that have contaminated sites liabilities to:</p> <ul style="list-style-type: none"> implement a uniform approach across all ministries to ensure that all identified contaminated sites are evaluated consistently across the province; and <p>Status: In the process of being implemented by March 31, 2023.</p> <ul style="list-style-type: none"> review contaminated sites annually to determine where new detailed environmental assessments need to be completed or where estimated liabilities need to be updated to reflect changes in cost estimates, technology, remediation strategies, site conditions, environmental standards or other factors. <p>Status: In the process of being implemented by April 1, 2023.</p> | <p>The Office of the Provincial Controller Division (OPCD) has worked with ministries to strengthen existing processes aimed at establishing a uniform and consistent approach to evaluate contaminated sites across the province. Ministries have started adopting a standard checklist for the assessment and evaluation for the liabilities in accordance with Canadian Public Accounting Standards. This checklist will be implemented across all ministries for the March 31, 2023 Public Accounts.</p> <p>Ministries and OPCD are working together to clarify and clearly define categories of contaminated sites with a view to implement consistent practice for similar categories of sites and the undertaking of critical site reassessments.</p> <p>Additionally, ministries continue to progress with:</p> <ul style="list-style-type: none"> adoption of the standard checklist across all ministries for the evaluation of liabilities; and documentation on characteristic features and practice for assessing sites in each category. <p>The Office of the Provincial Controller Division (OPCD) is working with ministries to ensure that the Environmental Contamination Financial Management Guidelines (previously released in May 2018) are reviewed and updated to provide revised information to clarify, among others, cost-effective methods and frequency for reassessments and discounting considerations. These guidelines are expected to be updated and in place by April 1, 2023 for application as part of the 2023-24 Public Accounts.</p> |
| <p>Recommendation 3</p> <p>The Standing Committee on Public Accounts recommends that the Ministry of Finance continue to implement their debt burden strategy, and provide public updates on the strategy on an annual basis.</p> <p>Status: In the process of being implemented.</p> | <p>The Ministry of Finance has implemented the debt burden strategy and will continue to provide annual public updates in the Budget. The 2022 Budget established enhanced numeric targets for the three existing debt burden and sustainability targets as well as introduced the new target of Debt Maturities-to-Net Debt.</p> <p>The debt burden strategy is not fully implemented due to the province not formally documenting the supporting actions on progress of the strategy, nor explaining how it determined the debt targets (e.g., net debt-to-GDP or net debt-to-revenue) or clearly demonstrating how debt will be managed.</p> |

| Committee Recommendation | Status Details |
|--|--|
| <p>Recommendation 4</p> <p>The Standing Committee on Public Accounts recommends that the Ministry of Children, Community and Social Services (Ministry) should work with the Children's Aid Societies to have their financial statement audits completed and submitted to the Ministry within the required reporting timelines.</p> <p>Status: In the process of being implemented by March 31, 2023</p> | <p>The Ministry of Children, Community and Social Services works collaboratively with all societies to meet reporting timeline requirements; however, the challenges of COVID-19 led the Ministry to provide additional flexibility on reporting timelines for all transfer payment recipients, including the societies.</p> <p>Non-Indigenous Children's Aid Societies who will have their financial statements consolidated into the Province's Public Accounts will be required to submit 2022-23 financial information to the Ministry earlier than was historically expected.</p> <p>The Ministry has held working groups with non-Indigenous societies to identify the reasons for delays in financial statement preparation, audit and submission, and to explore mitigating solutions.</p> |
| <p>Recommendation 5</p> <p>The Standing Committee on Public Accounts recommends that the Treasury Board Secretariat should work with the Ministry of Children, Community and Social Services to consolidate the non-Indigenous controlled Children's Aid Societies into the Public Accounts by 2022/23.</p> <p>Status: In the process of being implemented by March 31, 2023.</p> | <p>The Ministry of Children, Community and Social Services (MCCSS) has been working with Treasury Board Secretariat (TBS) to first reassess control of Children's Aid Societies, then plan for the 2022-23 financial consolidation of non-Indigenous Children's Aid Societies including:</p> <ul style="list-style-type: none"> • Non-Indigenous Children's Aid Societies were included in the listing of consolidated entities as part of the 2020-21 Public Accounts. • Professional services were acquired to assess the alignment of societies' financial statements and accounting policies with Public Sector Accounting Standards for non-profit organizations, and evaluate technology, business and financial reporting changes required to support consolidation. • A consolidation gap assessment based on a review of audited financial statements and preliminary assessments of financial reporting and accounting systems was developed and shared with societies to prepare them for the transition. • The Ministry has held one-on-one meetings with the most highly impacted societies (e.g., those required to change their accounting standards) to discuss impacts, timelines and supports needed to adopt the required standards and systems. • Overarching and topic-specific workshops have been held with all societies to discuss the new financial reporting requirements and address questions and concerns. • A detailed implementation plan including communications and training requirements and opportunities for increased standardization and digital solutions has been drafted in collaboration with societies. • Regular ongoing project meetings are held between MCCSS and the Office of the Provincial Controller Division (OPCD) to ensure the project remains on schedule. <p>OPCD provided Public Accounts reporting data requirements and training to MCCSS to support its onboarding process with the societies. Additionally, OPCD provided a walkthrough of the Consolidated Financial Statements showing the impact of consolidation on the 2020-21 Public Accounts actuals to assist its stakeholder onboarding process with societies.</p> |