

Performance Audit

Digitalization of Government Services by ServiceOntario

// Independent Auditor's Report



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1.0 Audit at a Glance

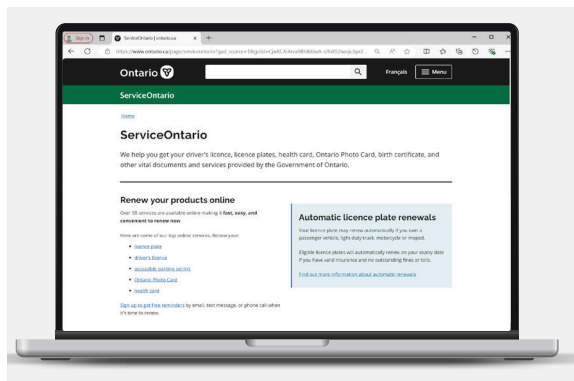
// Why We Did This Audit

- Safe and well-running IT systems at ServiceOntario are essential for ensuring that the government's operations are conducted with minimum disruption and that the services are delivered securely and in a timely manner.
- ServiceOntario serves as a centralized point of contact for Ontarians to access over 300 key provincial government services, such as applying for and renewing health cards, driver's licences and Ontario photo cards. Our Office has never audited the IT operations of ServiceOntario.
- Many of these services, which were formerly available only in person, are now being offered to Ontarians online. Given that ServiceOntario is in the process of digitalizing its services, it is critical to assess whether its efforts are meeting the needs of Ontarians and whether the online services are being used at optimal capacity.
- ServiceOntario staff regularly handle the confidential and personal information of Ontarians, and it is important to review whether this data is being safeguarded, retained and disposed of in accordance with relevant standards and legislation.

// Our Conclusion

After spending 10 years and about \$100 million on its major digital initiatives, ServiceOntario has not been effective in meeting one of its mandates to digitalize government services. Our audit found that the public's adoption of the services offered online by ServiceOntario has been slow, as only one-third of transactions for its top nine high-volume services in 2023

and over the last five years were completed online. In addition, ServiceOntario does not have an online option for more than half of its sub-services, even for some related to high-demand products, such as driver's licences and health cards. We found this was due to a fragmented approach in rolling out online options.



We also found that ServiceOntario lacked proper controls to safeguard Ontarians' personal data from unauthorized access. Critical IT systems that store confidential data lacked strong passwords. Also, we found that not all data in the systems we reviewed had an approved records schedule governing its retention in accordance with the *Archives and Recordkeeping Act, 2006*.

Our audit found that ServiceOntario was able to meet one of its three key performance metrics that it established to track digitalization outcomes. It has not achieved its two other key metrics that measure the customer satisfaction with online services and the online adoption of its digitalized services. For those services that are offered online, service standards to ensure timely delivery were either missing or outdated.

ServiceOntario has accepted all 18 recommendations.

// What We Found

Slow Digital Adoption of Government Services

- Although ServiceOntario has spent \$27 million over the past five years (2019/20 to 2023/24) to digitalize nine of its top 10 services as per its mandate, we found that digital adoption of the government's services has been slow. On average over this period, only 33% of the top nine high-volume transactions were conducted online, compared to ServiceOntario's target of 50%; instead, Ontarians chose or were required to go in person to access the remaining two-thirds of these services.
- Examples of some key services that had low adoption rates include: Digital Dealership Registration (2%); health card renewals (16%); and accessible parking permits (24%).
- ServiceOntario had not analyzed all potential reasons why its digitalization efforts had yielded such low adoption rates so far. In our audit, we identified two key reasons. First, ServiceOntario does not have a comprehensive, end-to-end plan for digitalizing its services, resulting in a fragmented approach. Second, ServiceOntario does not use a targeted approach in its advertising campaigns that focuses on services with low adoption rates.
- During our visits to ServiceOntario centres, we observed that location staff do not always inform customers about the availability of online services, either during service interactions or, for example, by prominently displaying posters or handing out brochures.

» Recommendations 1, 2 and 3

ServiceOntario Was Slow to Attract Auto Dealerships That Would Have Benefitted from the Online Vehicle Registration Program

- ServiceOntario launched the Digital Dealership Registration (DDR) program in March 2022 at a cost of \$18 million to benefit Ontario auto buyers and auto dealerships with easier access to online vehicle registrations.
- We interviewed 25 dealerships and many raised concerns about onerous requirements related to the program, including the need for dedicated staff to process vehicle registrations, space constraints for safeguarding controlled stock, such as licence plates, and regular inspections by ServiceOntario. As a result, these dealerships continued to visit ServiceOntario locations to register vehicles instead of using the DDR program.

// What We Found

- Auto dealerships reached out to key stakeholders, including their own regulator (Ontario Motor Vehicle Industry Council), since the launch of the DDR program to clarify certain requirements and express concerns about the program, instead of reaching out directly to ServiceOntario. For example, they were not educated about the objective and purpose of the program and were unclear about the program's requirements, specifically relating to the appointment of a security officer to administer DDR locally at the dealership and oversee program requirements, such as safeguarding of controlled stock.
- These enrolment barriers between ServiceOntario and auto dealerships during the rollout of the DDR program were not addressed.

» Recommendations 4 and 5

Many Key Online Services and Emerging Technologies Are Not Yet Available

- Of the 784 sub-services offered by ServiceOntario, 404 or 52% are not yet available online. This is since the initial implementation of a digital strategy in 2015, ServiceOntario 2.0, with an objective to expand digital service offerings for the benefit of Ontarians. In addition, we found that more than 70% of sub-services related to four of ServiceOntario's most popular products (vehicle registrations, health cards, driver's licences and photo cards) were not yet available online and must be performed in person.
- Some new digital delivery methods that are available to residents in other Canadian jurisdictions, such as British Columbia, have not yet been launched in Ontario. These include digital IDs to streamline the process of verifying identities, and chatbots and mobile applications to provide faster and more convenient access to services.
- For many key services, the front-end, customer-facing process was made available online, but back-end processes were manual, resulting in continued internal inefficiencies and delays. For example, all 21 services related to accessible parking permits require manual verification. In another example, 5 of 11 online services related to birth certificates have manual back-end processes. These services take longer to deliver, compared to British Columbia and New Brunswick, where back-end processes have also been digitalized.

» Recommendation 6

// What We Found

Critical Components of a Digital Strategy Are Missing

- Although ServiceOntario developed four strategic plans over the last 10 years that outline its goals for delivering services to Ontarians, key components of the digital strategy are missing from these plans. For example, the plans did not include digitalization objectives with targeted outcomes and metrics; did not identify the key government services to be digitalized, with related activities and timelines; and did not estimate costs. In comparison, other jurisdictions, such as British Columbia, had more comprehensive digital plans with these key components included within the plans.

» Recommendation 7

Service Standards for Many Key Services Are Either Missing or Outdated

- ServiceOntario was missing service standards (that is, a targeted time for completing a service) for 294 or 78% of the 380 sub-services that are available online, including for some of its key services, such as health card and driver's licence renewals.
- Service service standards were established in 2008, when the services were only offered in person, for 87 or 22% of sub-services available online. ServiceOntario has not updated the standards for over 15 years, even though the sub-services are now available online, resulting in faster delivery. We compared the service standards for a sample of six online services that are also offered by the British Columbia and New Brunswick governments, and found that these other jurisdictions set targets for timelier service than Ontario.

» Recommendations 8 and 9

Operations of ServiceOntario Locations Requires Improvement

- We found weaknesses in the day-to-day operations of ServiceOntario that could benefit from digitalization. For example, roughly 75% or 213 of about 280 ServiceOntario locations were using manual methods to calculate wait times. This manual process is subject to manipulation and error, and we were unable to rely on the accuracy of the calculations. We also noted that the wait-time information for these locations on the ServiceOntario website was missing or inaccurate. ServiceOntario does not have any future plans to display wait times on its website or at its locations, even though this information would benefit many Ontarians.

// What We Found

- Staff at ServiceOntario locations told us that cameras and signature-scanning devices (which they use to capture customers' photos and signatures for driver's licences, health cards or other ID cards) were slow and often malfunctioned. We observed these problems on site, and also noted 5,546 service incidents related to these issues, which were primarily caused by an issue with the underlying software in the legacy IT systems that these cameras run on.
- We also observed weak security controls. ServiceOntario had not implemented multi-factor authentication, which is a security standard for staff accessing IT systems, or controls to restrict staff at both public and private locations from accessing file-sharing websites. We also noted instances of staff sharing IT credentials and leaving sensitive information unattended. These lapses increase the risk of IT systems being compromised and sensitive information being disclosed to unauthorized individuals.
- We noted that many of ServiceOntario locations did not have security cameras on site. This is a recommendation for publicly run locations as per the Physical Security Guidelines for ServiceOntario, but some public locations did not follow this recommendation. It is not a requirement for the private locations, and many of them did not have security cameras. A lack of security cameras raises the risk of break-ins and theft of sensitive information or controlled stock such as licence plates.
- At private locations where security cameras were installed, the recordings, which contain the personally identifiable information of Ontario residents, were stored or managed by the security camera service providers or the independent operators of the private locations—not by the Ontario Public Service (OPS) or ServiceOntario. Although contracts between the private operators and ServiceOntario contain provisions to secure the camera recordings with encryption controls, ServiceOntario does not monitor compliance with this requirement through, for example, its Quality Assurance Program reviews. This puts Ontarians' personal data at greater risk of exposure and ServiceOntario at greater risk of contravening the *Freedom of Information and Protection of Privacy Act*.

» **Recommendations 11, 12 and 13**

Cybersecurity Practices at ServiceOntario Need Improvement

- We reviewed controls related to cybersecurity assessments. Due to the nature of cybersecurity, and so as to minimize the risk of exposure, we provided relevant details of our findings and recommendations directly to ServiceOntario.

// What We Found

- Ontarians' data is at risk of unauthorized disclosure or a cybersecurity attack, such as phishing, as around 18% of 2,055 ServiceOntario staff at public locations that handle Ontarians' personal data had completed one of the two mandatory cybersecurity trainings in 2023. None of the 1,261 staff at private locations have access to this training. Our audit also noted an increase in staff opening fraudulent links and attachments in simulated phishing tests over the past five years.

» Recommendations 14, 15 and 16

ServiceOntario Did Not Meet Compliance Thresholds for Quality Assurance Categories

- We analyzed the results of ServiceOntario's Quality Assurance Program, and found that many locations did not meet the ServiceOntario-established compliance thresholds in some of the categories evaluated as part of the overall program performance, and that this underperformance continued or even worsened over the past five years. For example, application forms were either not completed by the customer or were completed with inaccurate information, and required supporting documents were not complete, legible or accurate.
- More private ServiceOntario locations missed compliance thresholds than the public locations for the categories we reviewed, yet the agreements between ServiceOntario and the owners of private locations do not include consequences for missing established compliance thresholds.

» Recommendation 17

Not All Unusual Access to Ontarians' Driver and Vehicle Records Was Reviewed

- We found that ServiceOntario's process to identify and investigate system misuse or inappropriate access to view and edit personal information in driver and vehicle records is weak. Staff have access to view and edit personal information in this system, with or without a valid transaction and without first validating a customer's request to do so. In contrast, staff at other entities, such as financial institutions, require validation from the customer before they can access a customer's records. This validation could be the customer's password or personal identification number, or a security code sent to their mobile devices.

// What We Found

- ServiceOntario has a process to review unusual activity wherein a single ServiceOntario staff accessed a driver's licence or vehicle registration number more than a certain number of times in a month.
- We identified other criteria that could suggest unusual access to records. ServiceOntario did not review or investigate why staff accessed records under these circumstances.

» Recommendation 18

2.0 Background

2.1 Overview

ServiceOntario is a public-facing division of the Ministry of Public and Business Service Delivery and Procurement (Ministry). ServiceOntario serves as a centralized point of contact for Ontarians to access provincial government services that are managed by various ministries. For example, ServiceOntario is the point of contact to issue driver's licences to eligible Ontarians, in partnership with the Ministry of Transportation.

ServiceOntario provides a total of 88 products with over 300 services that can be accessed in person and/or online. There are 784 sub-services in total across all 88 products, based on the customer or product profile, such as:

- » driver's licences for all licence classes, and vehicle registrations for all vehicle classes, including renewing a driver's licence, updating a driver's address and renewing a licence plate;
- » health cards for adults, children and seniors, including applying for or renewing a health card;
- » vital event registration, including birth, death and marriage certificates; and
- » fishing and hunting licences, including renewals.

Figure 1 shows examples of key products and the related services and sub-services provided by ServiceOntario.

The services are delivered through various channels, including online, in person, postal mail and on the phone. For in-person service delivery, ServiceOntario operates out of about 280 staffed physical locations across all of Ontario. Of these locations, 70% or 194 of them are privately managed by independent third-party operators, including retail stores, under contract with the Ministry. They provide many popular services, such as driver and vehicle licensing and renewals, services related to Ontario photo cards, and most health card services. The other 30% of ServiceOntario locations are operated directly by the Ministry and offer the full range of services.

Figure 1: Examples of Key ServiceOntario Products, Services and Sub-Services Available to Ontarians

Source of data: ServiceOntario

Product	Service	Sub-Service
Vehicle Registration	Transfer	Passenger vehicle
		Motorcycle/moped/limited-speed motorcycle vehicle
		Light commercial vehicle
		Heavy commercial/bus/school bus/farm vehicle
		Motorized snow vehicle/off-road vehicle
		Trailer
		Low-speed vehicle
	Replace permit (lost/stolen/damaged/change)	Passenger vehicle
		Motorcycle/moped/limited-speed motorcycle vehicle
		Light commercial vehicle
		Heavy commercial/bus/school bus/farm vehicle
		Motorized snow vehicle/off-road vehicle
		Trailer
		Low-speed vehicle
Driver's Licence	Renewal	Non-commercial class (G, M)
		Commercial class (A, B, C, D, E, F)
	Change address	Non-commercial class (G, M)
		Commercial class (A, B, C, D, E, F)
Health Card	Renewal	Adult (age 16–79)
		Senior (age 80+)
		Newborn/child (to age 15)
	Change address	Adult (age 16–79)
		Senior (age 80+)
		Newborn/child (to age 15)

2.1.1 Organizational Structure

ServiceOntario was established in 2006, and employs 2,055 staff. ServiceOntario also has 194 private locations that employ 1,261 front-counter staff as of May 2024.

2.1.2 IT Operations and Support

The Ministry's Government Services Integration Cluster is primarily responsible for day-to-day IT operational needs and provides support for the systems owned by ServiceOntario. With the intent of providing a consistent customer experience to Ontarians, ServiceOntario has established standardized IT infrastructure in both public and private locations. Infrastructure Technology Services (ITS) provides Internet connectivity and IT assets, such as ticket-dispensing systems, computers, printers, scanners and keyboards.

The IT assets enable ServiceOntario staff to access IT systems to process transactions for Ontarians, such as issuing new or renewing health cards and driver's licences; vehicle- and transport-related services; land registrations; and vital events services, such as issuing birth and marriage certificates.

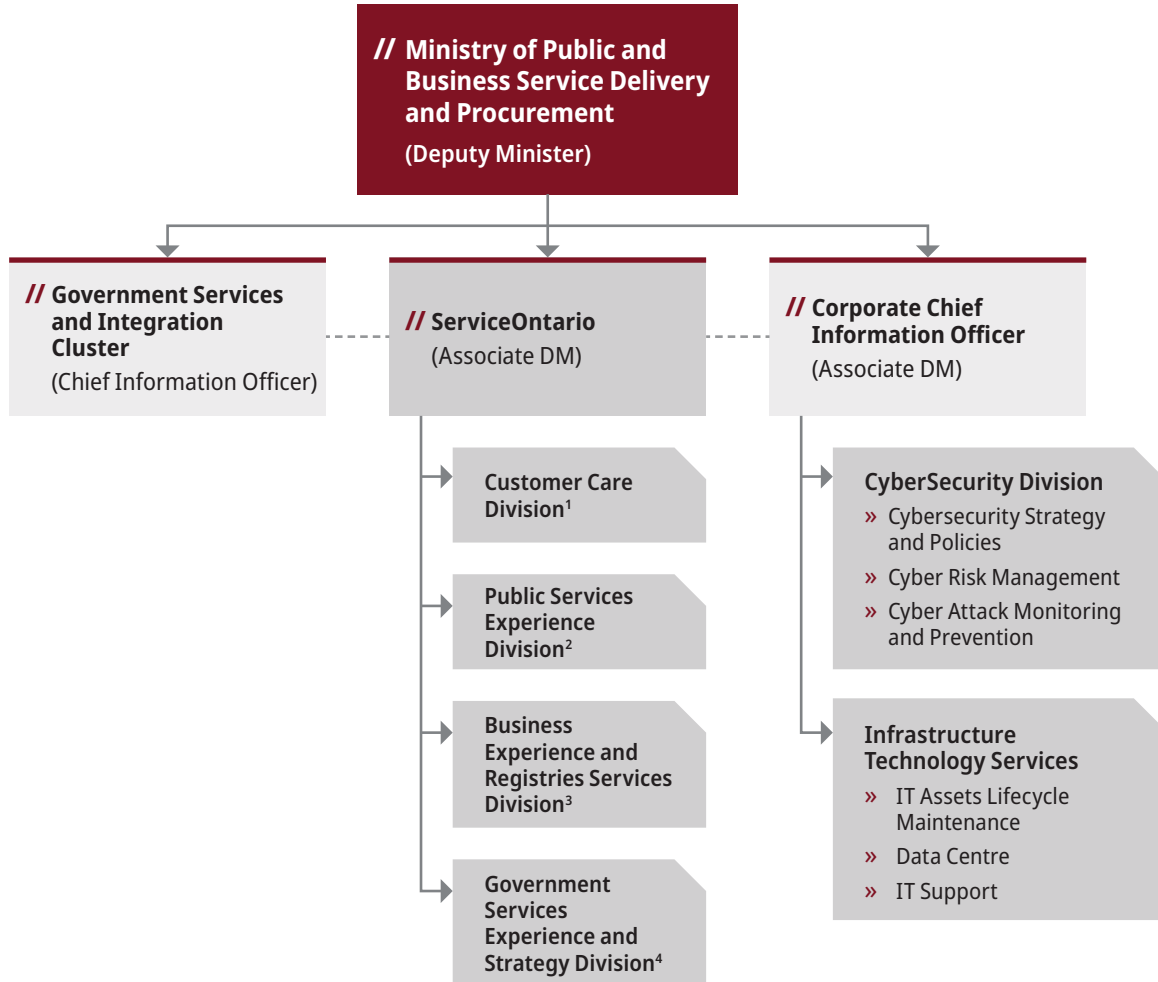
ITS and partner ministries, such as the Ministry of Transportation, provide specialty IT equipment, including cameras, eye-testing equipment and signature scanners. These IT devices enable customer service representatives, at the counters, to print and distribute key documents such as forms, receipts, acknowledgements and temporary licences.

The Cyber Security Division (CSD), an enterprise-wide division of the Office of the Corporate Chief Information Officer (CCIO), provides all cybersecurity-related services and monitors cyber risks for ServiceOntario. The CSD performs all threat risk assessments and penetration tests centrally for all IT systems that are used by ServiceOntario.

See **Figure 2** for the reporting relationship between ServiceOntario and the IT Operations groups.

Figure 2: Reporting Relationship Between ServiceOntario and IT Operations

Source of data: Ministry of Public and Business Service Delivery and Procurement



1. The Customer Care Division manages service centre modernization initiatives, audits service centres and training, and oversees service centres covering the central, north, east and west regions.
2. The Public Services Experience Division oversees designing and delivering the overall public experience, which includes directly providing online services, supporting the delivery of in-person and contact centre services, and ensuring products reach the public.
3. The Business Experience and Registries Services Division manages licensing services, land registration services, business and personal property services, and the vital statistics registry.
4. The Government Services Experience and Strategy Division manages and oversees strategic and financial planning, risk management and business continuity, and co-ordinates partner engagements. It also provides print, mail and translation services, digital learning and training delivery, surplus asset management, and warehouse distribution. This division joined ServiceOntario on April 1, 2024.

2.2 Digitalization

Digital government is a government model designed to maximize the use of data and technology to provide accessible, consistent and efficient government services. A digital government can reduce the time and effort required by individuals and businesses to access key government services, as well as reduce the manual effort required by the government to process and validate information required to provide these services. This can include allowing individuals to apply for and renew licences, manage their government IDs, or apply for special permits all on websites or a mobile app provided by their government.

2.2.1 ServiceOntario's Digital Strategy and Governance

ServiceOntario introduced a strategy in 2015 called ServiceOntario 2.0 with a focus on digital-first as a main objective to ensure that Ontarians have digital access to key government services online. Online services are offered through the ontario.ca website. While the primary goal of digitalizing services is to modernize all front-line and back-office services, ServiceOntario will also continue to provide in-person services through its physical locations for Ontarians who prefer this channel.

The *Simpler, Faster, Better Services Act, 2019*, sets requirements for the delivery of digital services. ServiceOntario was mandated to bring a digital-first approach to its top 10 high-volume, or key, services that were identified based on the volume of transactions. **Figure 3** shows the top 10

Figure 3: Top 10 Services by Transaction Volume, 2019/20 vs. 2023/24

Source of data: ServiceOntario

Rank	2019/20	2023/24
1.	Vehicle registration: licence plate renewal ¹	Vehicle registration: transfer
2.	Vehicle registration: transfer	Vehicle registration: licence plate renewal
3.	Health card: renewal	Health card: renewal
4.	Driver's licence: renewal	Driver's licence: renewal
5.	Health card: change address	Temporary driver's licence: print/reprint
6.	Driver's licence: change address	Land registration ²
7.	Vehicle registration: replace permit ³	Vehicle registration: replace permit ³
8.	Vehicle registration: original	Health card: change address
9.	Driver's abstract	Business search product: request entity profile report
10.	Used vehicle information package (UVIP)	Driver's licence: change address

 Identified as high-volume in both years.

1. Includes sticker/valtag. Renewal of licence plate stickers was discontinued in 2022.

2. Includes filing of documents and to register in the system.

3. In cases of permits that are lost, stolen or damaged, or that require changes.

high-volume services in 2019/20 and 2023/24. ServiceOntario also intended to increase online adoption of these services by enabling Ontarians to choose the online channel instead of visiting a ServiceOntario physical location.

ServiceOntario developed its latest two-year (2023–2025) Service Delivery Plan to make access to government services simple and convenient. Prior to this plan, ServiceOntario also developed strategic plans, such as the ServiceOntario 2.0 (2015), ServiceOntario Modernization (2021) and ServiceOntario Better Services plans (2022). See **Section 4.1.3** for details on the plans.

Through its Service Delivery plan, ServiceOntario identified eight key focus areas to improve the way businesses and Ontarians access government services and to introduce new technologies, such as digital photo uploads and digital signatures. The eight key focus areas will support the digitalization of some government services that are identified through ongoing government mandates. The focus areas include improving the business experience, supporting life events, enhancing the in-person experience, and evolving a safe, respectful, and inclusive workplace culture.

ServiceOntario collaborates with various key stakeholders from ITS and the Government Services Integration Cluster, along with various ministry partners, such as the Ministry of Transportation and the Ministry of Health, to develop the systems and tools to offer products and services online/ digitally that were traditionally available in person only.

2.3 Service Standards

Service standards are a timeline or measure of quality that a customer or recipient of a service can expect. ServiceOntario has established service standards for 87 sub-services that define the amount of time Ontarians can expect to complete a transaction for one of these services, such as applying for and obtaining a driver's licence renewal, health card renewal, photo card renewal, marriage certificate, accessible parking permit renewal or customized licence plate for a vehicle.

2.4 Key Performance Indicators

Key performance indicators (KPIs) are quantifiable metrics used to measure how efficient or effective an organization is in meeting its objectives.

In 2021, the Treasury Board Secretariat established three KPIs for ServiceOntario, which focus on the digitalization of its top 10 high-volume services identified in 2019. ServiceOntario reports these KPIs on an annual basis to the Ministry:

- » Top 10 services by transaction volume being available online: **Target 70%.**
- » Top 10 services by transaction volume can be conducted online: **Target 50%.** This performance measure intends to assess the online adoption rate; that is, if Ontarians choose the online delivery channel over the in-person delivery channel to conduct services that are available online as well as in person.
- » Customer satisfaction for top 10 services conducted through the online channel: **Target 75%.**

2.5 Cybersecurity

The risk of cyberattacks on public institutions, like school boards, hospitals and municipalities, has been increasing. In 2023 alone, public entities, such as hospitals, the Toronto Public Library and the Liquor Control Board of Ontario, faced various cyberattacks. These attacks compromised large volumes of sensitive information, including public health data and credit card numbers, from many Ontarians. ServiceOntario collects vast amounts of personal data from Ontarians, including names, addresses, phone numbers, health card numbers and driver's licence details. This highly sensitive information must be securely stored and accessed to prevent cyberattacks and data breaches.

Cybersecurity assessments are crucial for the efficient operation of IT systems, as they identify potential vulnerabilities that could result in significant security breaches. Regular security scans can identify the systems that require patches or updates and help IT providers take prompt corrective measures. There are various types of cybersecurity reviews or scans, such as penetration tests, threat risk assessments and privacy impact assessments.

Performing regular cybersecurity assessments of IT systems, at least on an annual basis or after a significant change, ensures their confidentiality, integrity and availability for continuous operations.

Apart from performing regular cyber assessments, it is also important to train staff on basic cybersecurity awareness. Most of ServiceOntario's operations are conducted by staff at ServiceOntario locations. Because these staff handle the personal data of Ontarians, it is important to educate and train them regularly on best cybersecurity practices to be able to understand and avoid exposing the data they work with to potential hackers.

Additionally, organizations conduct phishing simulations to evaluate and train staff on detecting and handling phishing attempts. These simulations send fake phishing emails or messages to staff to assess their ability to identify and report suspicious communications, helping to improve overall cybersecurity awareness and reduce the risk of successful attacks. The majority of staff who work at ServiceOntario locations collect various personal information from Ontarians on a daily basis and are prone to phishing attacks.

ServiceOntario relies on CSD to perform all its information security-related activities, such as cybersecurity scans, phishing exercises, security awareness training for staff at both private and Ministry-run ServiceOntario locations, and risk assessments.

2.6 Data Storage and Protection

The *Freedom of Information and Protection of Privacy Act* and the *Archives and Recordkeeping Act, 2006* (Acts) must be followed by the OPS and its ministries with respect to how personal data is collected, used and disclosed. ServiceOntario must comply with both of the Acts' requirements related to collecting, processing, retaining and disposing of the data it collects from Ontarians on behalf of various ministries. ServiceOntario must also ensure that personal data is safeguarded from cyber threats.

ServiceOntario uses 35 IT systems to deliver services related to identification, health, transport, education, critical life event registration, land registrations and other licences. Data stored within ServiceOntario IT systems are managed by the Government Services Integration Cluster. ServiceOntario staff also have access to IT systems that are managed by other ministries.

2.7 Operations at ServiceOntario Locations

ServiceOntario provides services to Ontarians at about 280 physical locations across Ontario. These physical locations play an important role in service delivery as, on average, half of all ServiceOntario transactions between 2019/20 and 2023/24 were completed in person. For example, in 2023/24, of a total of 38 million transactions (online, in person and by mail), 19 million or 50% of transactions were conducted in person.

ServiceOntario operates its physical locations under two main operating models: public and private. Public locations are operated directly by ServiceOntario, while private locations are operated by independent third parties. All public and private locations are set up with standard, branded signage. They all use integrated work stations such as wickets or counters that are equipped with OPS-approved hardware, software and configurations, and have interfaces to OPS-approved devices such as photo cameras and signature-scanning devices. One common help desk supports all locations with IT-related issues.

ServiceOntario also requires locations to display posters to communicate important information to customers who visit the locations, such as the hours of operation, how to provide feedback and if services are offered in French. See **Appendix 1** for a list of posters required to be displayed in the locations.

There are some differences in how public and private locations are operated that can directly or indirectly affect ServiceOntario's efforts at digitalization:

- » Public locations are staffed by OPS personnel, whereas staff at private locations are hired by the respective private operators, and do not include ServiceOntario or OPS personnel.
- » More than 90% of private locations receive transaction-based compensation and annual operating stipends. The Province has been piloting alternative service delivery models; in one such model, it entered into a two-year agreement with a retail partner at selected locations. Operations commenced in February 2024, and the agreement is based on a defined cost-recovery model, under which all approved capital and operating expenses incurred by these locations are paid by ServiceOntario. These pilot locations do not receive any transaction-based compensation.
- » Under the retail pilot model, locations use a part of their retail space to set up the ServiceOntario operations. The remaining private operators are responsible for their operating costs, including leasing space for interacting with customers.

2.8 ServiceOntario Quality Assurance Program

ServiceOntario has established a Quality Assurance Program (QAP) to monitor ServiceOntario locations' performance and compliance with operational requirements and directives issued by ServiceOntario. For private locations, the Issuing Services Agreement binds private operators to the operational and reporting requirements that they must comply with. In addition, the locations are also required to comply with applicable legislation, such as the *Accessibility for Ontarians with Disabilities Act, 2005*, *French Language Services Act*, and the *Freedom of Information and Protection of Privacy Act*.

These QAP reviews or audits are performed by ServiceOntario staff called Issuing Office Administrators (IOAs), part of ServiceOntario's Customer Care Division. As part of the IOA assessment, they review and validate whether ServiceOntario locations comply with established operational requirements, such as validating the identities of customers who come to the locations for a service, entering accurate information in the database, inventory/stock management and retaining supporting documentation. The IOAs assess compliance with the established requirements for four products and four operational/legislative areas, comprising a total of 13 categories. A performance threshold of at least 90% is assessed for each category for the applications/transactions that have been reviewed by the IOA. In other words, at least 90% of applications/transactions reviewed should meet all the requirements.

The categories are weighted or assigned a risk score based on inherent risk of the requirements. For example, customer authentication and privacy, as well as database categories, are assigned a higher risk score/weight because ServiceOntario has deemed these requirements to be more critical than other categories. Categories such as supporting documents and Ministry Use Only have a lower risk score. In addition, compliance thresholds are set below 100% because not all requirements within a category are deemed as high risk for compliance purposes. For example, for customer service representatives serving customers at front counters at in-person locations, the requirement to enter a customer's street abbreviation accurately is considered a lower risk than entering a customer's birth date.

2.9 Access to Ontarians' Driver and Vehicle Records

ServiceOntario locations process the majority of services related to driver's licences and vehicle registration using a driver licensing system for these transactions. Once a customer approaches a wicket at a ServiceOntario location and provides the appropriate documentation and identification, ServiceOntario staff will access the customer's records in the driver licensing system, and log a transaction in the system. A transaction could subsequently be cancelled, and logged as such in the system, for the following reasons:

- » the transaction cannot be completed because the customer did not provide the correct documentation;
- » the customer decides not to complete the transaction; or
- » staff inappropriately accessed a customer's record without the customer being present.

As of January 2024, ServiceOntario put a process in place to review all cancelled transactions in the driver licensing system on a monthly basis. This process is designed to detect unusual activity that could indicate inappropriate access to driver licence and vehicle registration data and its potential misuse. If ServiceOntario identifies a certain number of cancelled transactions for the same driver's licence or vehicle registration, it will contact the IOA for the associated ServiceOntario location and request the rationale behind the repeated cancelled transactions.



3.0 Audit Objective and Scope

Our audit objective was to assess whether ServiceOntario has effective systems and processes in place that:

- » deliver a clear IT framework that identifies, prioritizes and digitalizes government services for the benefit of Ontarians;
- » safeguard Ontarians' data collected by ServiceOntario from cybersecurity threats, monitor unauthorized access, and retain and dispose of data in accordance with the relevant legislation and at par with industry standards; and
- » monitor performance metrics that track digitalization outcomes so that the impact of digital initiatives can be evaluated, areas for improvement are identified, and data-driven decisions are made to enhance service delivery and public satisfaction while ensuring equitable access.

Our audit scope focused on the effective and efficient digitalization, as well as timely availability, of services online, so that Ontarians are not required to visit a physical location in person and overall wait times can be reduced. Our scope also assessed the adequacy of safeguards to protect Ontarians' personal and confidential data from unauthorized use, and that the data was retained and disposed of in accordance with relevant legislation. Our audit focused on digital services because of its rapid adoption and associated security risks, rather than the government's awarding of contracts to private third-party operators for managing ServiceOntario locations.

We visited two public and five private ServiceOntario locations that are the front-end, in-person channels for Ontarians. We reviewed their operations to identify areas that are currently manual and outdated in nature and would benefit from digitalization to deliver services to Ontarians more efficiently. Refer to **Appendix 2** for a list of ServiceOntario locations we visited. We reviewed a number of areas as part of our location audits, including general day-to-day operations, handling of personal and confidential information, safekeeping of stock and inventory, physical security at the location, and secure use of IT assets and systems. For more details, see our **Audit Criteria**, **Audit Approach** and **Audit Opinion**.

4.0 What We Found

4.1 Digitalization of ServiceOntario

4.1.1 Slow Digital Adoption of Government Services

ServiceOntario has spent a total of about \$100 million on major digital initiatives over the past 10 years (2014/15 to 2023/24) to digitalize its services, \$27 million in the last five years to digitalize nine of its top 10 high-volume services, so that Ontarians can choose to access them online instead of in person. Despite this, we found that digital adoption of the government's high-volume services by the public has been slow, and below the targets set by ServiceOntario. We identified two key reasons for the slow adoption of the online services: 1) ServiceOntario implemented a fragmented approach to digitalizing its services; and 2) it lacked a comprehensive outreach strategy to promote its online services to Ontarians. Refer to the sections below for more details.

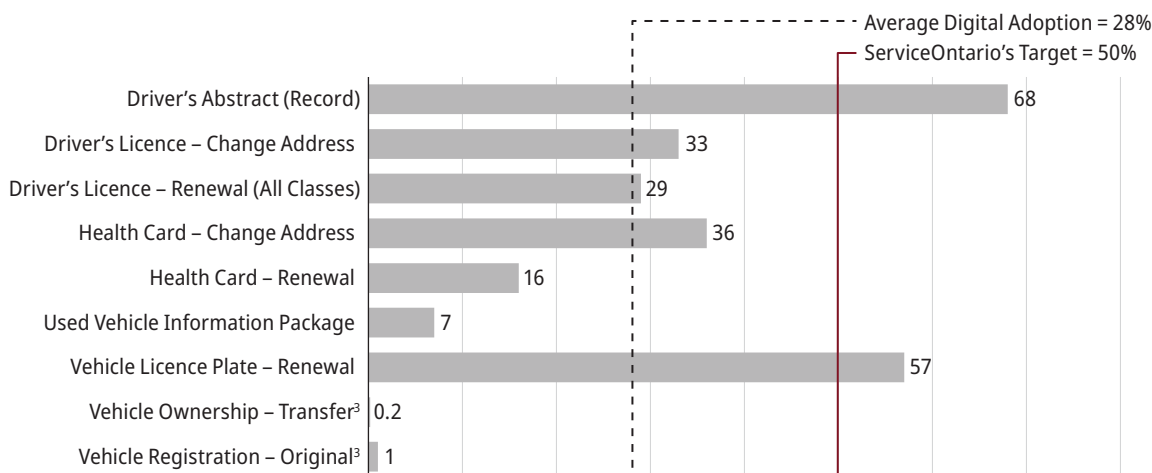
As a result, ServiceOntario has not been able to meet its digitalization mandate of providing Ontarians with “the speed and convenience of instant access to [government] information and services” that they expect. We found that, of these top 10 high-volume services that were mandated to be digitalized, one service to replace lost, stolen and damaged vehicle permits was not yet available online as of October 25, 2024. As per discussions with ServiceOntario, this service is undergoing assessment to determine whether, from a fraud and security perspective, it should be made available online.

We noted that over the past five years, on average, 33% of the top nine high-volume transactions were conducted online. For 2023/24, also only 4.6 million or 28% of 16.1 million transactions were conducted online. That is, Ontarians chose the online channel one-third of the time, on average, and instead chose or were required to go in person to conduct two-thirds of transactions for these high-volume services.

In 2020/21, ServiceOntario established a target that at least 50% of all transactions from the top 10 high-volume services are conducted digitally through the online channel, on an annual basis. Of the nine mandated services that were available online, we found that seven fell below ServiceOntario's target rate of 50% online adoption. **Figures 4** and **5** show the online adoption rates for the top nine high-volume services that were available online in 2023/24, and the trend for the last five years from 2019/20 to 2023/24.

Figure 4: Online Adoption Rates¹ for Top Nine² High-Volume Services, 2023/24 (%)

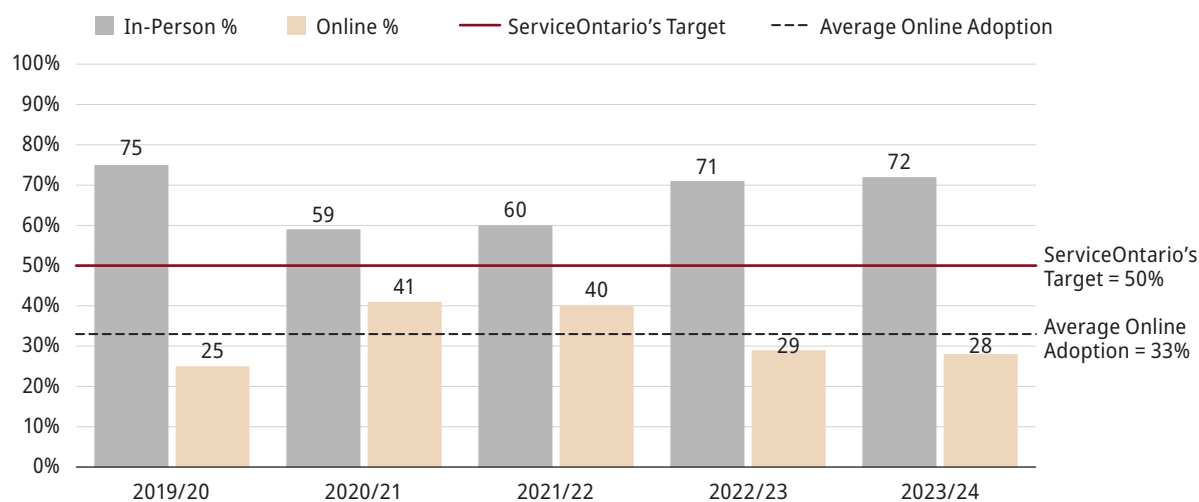
Source of data: ServiceOntario



1. Online adoption rates are calculated as the volume of transactions conducted online as a percentage of the total volume of transactions conducted (both online and in-person) for each of the top nine high-volume services.
2. Of the top 10 high-volume services that were mandated to be digitalized by the government, one service to replace lost, stolen and damaged vehicle permits was not yet available online as of June 30, 2024. Therefore, adoption rates for 2023/24 were calculated only for the top nine high-volume services that were available online.
3. The services related to vehicle registration (original) and transfer of vehicle ownership constituted the Digital Dealership Registration or DDR program.

Figure 5: Online Adoption Rates¹ for Top Nine² High-Volume Services, 2019/20–2023/24 (%)

Source of data: ServiceOntario



1. Online adoption rates are calculated as the volume of transactions conducted online as a percentage of the total volume of transactions conducted (both online and in-person) for top nine high-volume services, as they became available online.
2. Of the top 10 high-volume services that were mandated to be digitalized by the government, one service to replace lost, stolen and damaged vehicle permits was not yet available online as of June 30, 2024.

As seen in **Figure 5**, the online adoption rate for the top nine high-volume services was consistently below the target of 50% over the last five years from 2019/20 to 2023/24, and averaged 33% for all five years.

Examples of popular services, some of which are included in the top nine high-volume services, with low online adoption below the 50% established target over the last five years (or since the service was available online) include:

- » **Digital Dealership Registration:** this online program was launched in March 2022 at a cost of \$18 million. As of July 2024, less than 2%, or 26,816, of 1.5 million vehicle registration transactions were conducted online through the DDR program by the dealerships that were enrolled and using the DDR program to register vehicles. See **Section 4.2** for more details.
- » **Used Vehicle Information Package:** 173,199 or 8% of 2.3 million total transactions were performed online in the past five years from 2019/20 to 2023/24.
- » **Health card renewal:** 2.2 million or 18% of 12.7 million total transactions were performed online in the past five years from 2019/20 to 2023/24.
- » **Ontario photo card renewal:** 74,693 or 24% of 306,822 total transactions have been performed online since 2021 when the service went online.
- » **Individual accessible parking permit:** 206,998 or 24% of 859,256 total transactions have been performed online since 2022 when the service went online.

Therefore, ServiceOntario has been unable to meet its key objective of digitalization, despite spending \$27 million on digitalizing these top nine services.

We found that ServiceOntario has not identified all of the underlying reasons why services are not being accessed online by Ontarians, and therefore, it has been unable to improve the digital adoption of its services. Without identifying the reasons for low digital adoption, ServiceOntario is unable to achieve one of its key objectives, that is, its digital-first approach to service delivery. As of August 2024, ServiceOntario did not have any future plans or strategy to analyze all of the underlying reasons for low digital adoption.

Refer below for more details on the reasons for slow adoption.

Fragmented Approach to Digitalizing Services

We found that ServiceOntario does not have a comprehensive, end-to-end plan for digitalizing its services, and instead rolled out some parts of services, or sub-services, online in a fragmented fashion. For example, we found that even for a key product, such as a driver's licence, there are some services that are available online and some that are not. As a result, many Ontarians would still be required to visit a location in person to perform a part of the service. For example:

- » Although health cards and driver's licences can be renewed online, this can only be done within a 10-year period after a photo is taken. Beyond a 10-year period, they have to be renewed in person because an updated photo needs to be taken at a ServiceOntario physical location. We performed a jurisdictional scan and found that the federal government has implemented digital uploads and digital signatures for some of their services, such as for Canadian passport renewals, security guard and private investigator applications, and Indigenous Services Canada ID cards.
- » Although a driver's licence for non-commercial class vehicles can be renewed online, a licence for commercial class vehicles must still be done in person.
- » Although changing an address on a health card can be done online for adults, at the time of our audit, it still needed to be done in person for children up to age 15.

Health cards and driver's licences are among the most popular and highest-volume products in the roster of ServiceOntario's offerings, as shown in [Figure 6](#). As noted in [Section 4.1.1](#) above and in [Figure 4](#), online renewals of health cards and driver's licences show low adoption rates of 16% and 29%, respectively.

Recommendation 1

We recommend that ServiceOntario work with Government Services Integration Cluster and its partner ministries, such as the Ministry of Transportation and Ministry of Health, to:

- perform regular and timely root cause analyses for high-volume services that have low digital adoption;
- develop action plans and timelines to address the identified root causes; and
- develop a comprehensive end-to-end plan for digitalizing sub-services that are not fully digitalized and are only offered in person.

For the auditee's response, see [Recommendations and Auditee Responses](#).

Figure 6: Top 10 High-Volume Services and Online vs. In-Person Availability, 2023/24

Source of data: ServiceOntario

Product	Service	Transaction Volumes (2023/24)	% of Total	Available Online	Available In-Person
Vehicle Registration	Transfer	2,967,357	8	✓	✓
Vehicle Registration	Renewal of licence plate ¹	2,866,470	7	✓	✓
Health Card	Renewal	2,733,723	7	✓	✓
Driver's Licence	Renewal	1,978,005	5	✓	✓
Driver's Licence	Temporary driver's licence ²	1,676,152	4	×	✓
Land Registrations ³		1,542,139	4	✓	×
Vehicle Registration	Replace permit ^{2, 4}	1,524,645	4	×	✓
Health Card	Change address	1,453,425	4	✓	✓
Business Search	Request entity profile report	1,284,119	3	✓	×
Driver's Licence	Change address	1,176,311	3	✓	✓
Subtotal (Top 10 Services)		19,202,346	50		
All Other Products & Services		19,110,951	50		
Total		38,313,297	100		

1. Includes heavy commercial vehicles.

2. These services are not available online, as of June 30, 2024.

3. Includes filing of documents to register in the system.

4. In cases of permits that are lost, stolen or damaged, or that require changes.

Lack of An Effective Outreach Strategy

ServiceOntario did not have an effective outreach strategy to communicate or advertise the services it provides online. ServiceOntario started advertising its online services in 2020/21 after the onset of the COVID-19 pandemic, and has spent a total of \$4.6 million on digital and print media over the last four years from 2020/21 to 2023/24. See **Appendix 3** for total advertising spending on ad campaigns from 2020/21 to 2023/24. One key objective of its marketing strategy was to raise awareness about the online availability of its services so that more transactions would be completed online, thereby improving its online adoption rates.

However, rather than advertising about specific online services that had low adoption, such as updating addresses on health cards and driver's licences, and obtaining used vehicle information packages, we noted that ServiceOntario ad campaigns vaguely targeted all online services related to renewals. Contrary to the intended objective of the ad campaigns, the digital adoption rates for these services actually declined.

- » Following an ad campaign for online renewal services, including for driver's licences, health cards and Ontario photo cards, the average online adoption rate for these services was 24% in 2023/24, or 1.1 million online transactions out of a total of 4.6 million transactions, compared to 34% in 2021/22 and 26% in 2022/23 before the ad campaign. Total spending for this campaign was around \$1.8 million.
- » Following an ad campaign that promoted ServiceOntario's online offering of accessible parking permits, the online adoption rate for this service was 25% in 2023/24, or 69,010 online transactions out of a total of 280,795 transactions, compared to 32% in 2021/22 and 27% in 2022/23 before the ad campaign. Total spending for this campaign was \$3,000.

ServiceOntario acknowledged that these ad campaigns did not achieve the desired results of improving the online adoption of its services. Subsequently, ServiceOntario is working with the Communications Branch of the Ministry to conduct targeted ad campaigns for three online services (renewal reminders, Ontario photo cards and renewals of child health cards) so that more Ontarians are aware of these services and would complete them online. However, ServiceOntario could not provide a rationale for why it chose to initiate ad campaigns for these three services over others with low online adoption rates.

Recommendation 2

We recommend that ServiceOntario:

- analyze online transactions related to its latest ad campaign's three targeted online services (renewal reminders, Ontario photo cards and renewals of child health cards) to assess whether the online adoption rates of these three targeted services have improved;

- identify services that have low online adoption rates and prioritize these services for targeted ad campaigns;
- monitor whether the online adoption rates for services have increased following targeted ad campaigns to assess whether the campaigns were effective and successful; and
- work with the Communications Branch in the Ministry of Public and Business Service Delivery and Procurement to take corrective actions when ad campaigns are unsuccessful in improving digital adoption rates.

For the auditee's response, see **Recommendations and Auditee Responses**.

In-Person Customers Are Not Informed of Online Options

During our location audits, we observed that locations do not always inform in-person customers, for example by prominently displaying signboards or handing out brochures, that services are also available online. We also noted that many customers came in person to conduct transactions of services that were available online, such as renewing driver's licences and health cards. In some cases, we observed customers' frustration at not being able to conduct services online, either because the requirements were not clear or because the customers were unable to perform the service online.

We noted that the customer service representatives, both in public and private locations, consistently failed to advise the customers regarding the online availability of these services, provide guidance on their issues with the online service, or direct them to seek assistance in conducting the service online. As noted in **Section 2.7**, private locations receive transaction-based compensation. This compensation model may discourage customer service representatives from promoting the use of online services, since it could have a direct impact on private operators' revenue by reducing in-person transaction volumes.

ServiceOntario, through the Issuing Services Agreement with private operators, is required to display specific signage, such as hours of operation, privacy policies and consumer protection information, in its physical locations. It is not required to display signage informing customers about the availability of services online. ServiceOntario also does not require the locations to hand out any brochures to customers or train their customer service representatives to provide information regarding the online availability of the services, especially the ones that the customer has visited the location for.

Given the low digital adoption rate of online services as detailed in **Section 4.1.1**, ServiceOntario is missing an important opportunity to raise awareness of its online service offerings at the ground level. By communicating directly with Ontarians who still make the trip into a physical location, ServiceOntario could encourage greater adoption of these online services.

Recommendation 3

We recommend that ServiceOntario:

- develop a policy requiring all locations to prominently display signage that informs customers about available online services;
- develop promotional material detailing the range of services available online, and distribute these materials to customers upon arrival and during service interactions;
- conduct training sessions to educate service representatives on the importance of promoting online service options to customers and guiding customers on how to use online options; and
- monitor that all locations comply with these policies and training sessions.

For the auditee's response, see [Recommendations and Auditee Responses](#).

4.1.2 Many Key Online Services and Emerging Technologies Are Not Yet Available

Over 50% of Service Offerings Are Not Yet Available Online

Ontario has progressed at a slow rate since it implemented its initial strategy, ServiceOntario 2.0, in 2015 to expand its digital service offerings for the benefit of Ontarians. We found that, of a total of 784 sub-services, 52% or 404 were not yet available online since the initial strategy was implemented nine years ago. For example, replacing a vehicle permit for all vehicle classes and obtaining a temporary driver's licence for all licence classes were not yet available online even though they were identified as key high-volume services to be digitalized. In comparison, we noted that in New Brunswick, while 10% of services were reported to be available online in 2018, this increased to more than two-thirds of services in 2023, a notable increase within five years.

In addition, we found that more than 70% of sub-services related to four of ServiceOntario's most popular products—vehicle registrations, health cards, driver's licences and photo cards—were not yet available online and must be performed in person. **Figure 7** shows a timeline of when online access became available for services related to five popular products used by Ontarians, and all the products offered by ServiceOntario. For example:

- » **Health cards:** Of a total of 57 services related to health cards, seven or 12% are available online; 50 are only offered in person.
- » **Photo cards:** Of a total of 8 services related to photo cards, two or 25% are available online; six are only offered in person.
- » **Driver's licences:** Of a total of 37 services related to driver's licences, 10 or 27% are available online; 27 are only offered in person.

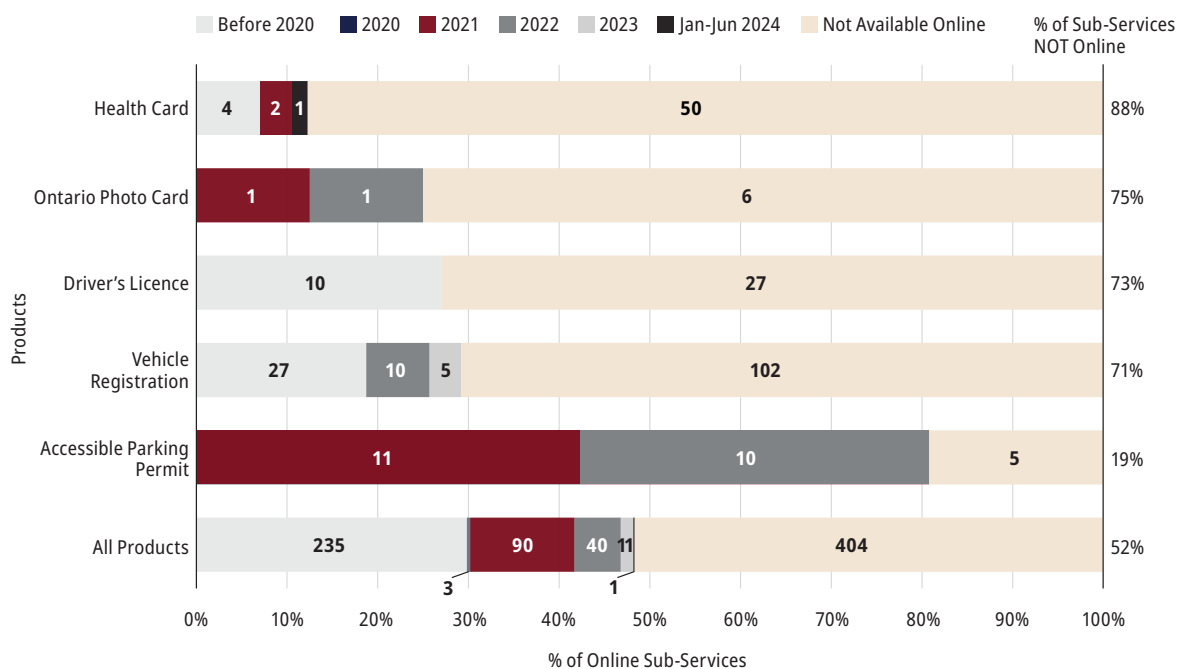
- » **Vehicle registrations:** Of a total of 144 services related to vehicle registrations, 42 or 29% are available online; 102 are only offered in person.

After its initial mandate of digitalizing the top 10 high-volume services, ServiceOntario has not developed any additional criteria for prioritizing more services for digitalization. A more strategic approach to digitalizing services could help ServiceOntario in different ways. For example:

- » Some other services might have since moved into the top 10 by transaction volume and moving them online could help drive digital adoption rates toward ServiceOntario's targets.
- » Some key products have some underlying sub-services that are not yet accessible online. For example, if a family moves and needs to change an address on their health cards, at the time of our audit, they could do so online for adults but not for children. Digitalizing these services would help close these gaps and drive higher digital adoption rates.
- » Some online products that are currently provided in other jurisdictions but are also relevant in Ontario could help improve convenience for Ontarians.
- » Modernizing end-to-end processes by eliminating manual back-end processes could achieve greater efficiencies for ServiceOntario operations.

Figure 7: Number of Sub-Services Offered Online, Prior to 2020 until June 2024

Source of data: ServiceOntario



Ontario Behind in Rolling Out Emerging Technologies Such as Digital ID and Chatbots

ServiceOntario, in partnership with the Government Services Integration Cluster and Infrastructure Technology Services, develops emerging technologies to deliver services more efficiently and reduce the dependency on outdated IT systems and physical records. We found that Ontario is missing some key emerging technologies and digital products, including Ontario Digital Identity and chatbots (virtual assistants that provide standardized responses to customers' frequently asked questions), that would provide more convenient and secure access to government services for Ontarians. In comparison, we noted that some jurisdictions within Canada and the US have already made these products available for their residents. ServiceOntario is waiting for relevant legislation to be drafted by the federal and provincial governments to implement technologies such as digital ID. As well, ServiceOntario has not implemented emerging technologies such as mobile apps and chatbots.

For example:

- » Although publicly announced in October 2020, the Ontario Digital Identity program, or digital IDs, has not yet been implemented. Digital IDs are electronic versions of trusted government identification that can be stored on mobile phones or other digital devices and used to validate one's identity, for example, when accessing a government service or opening a bank account. They are safer, more secure and private than physical identification cards or documents. The OPS has spent about \$26 million to develop the underlying infrastructure and enabling technologies for the digital credentials program. However, we noted that Ontario has put its digital ID program on hold, citing a need for existing legislation to be updated at both the provincial and federal levels for digital identities to be accepted across Canada. In comparison, British Columbia implemented its digital ID program in July 2020, and California rolled out its own version in September 2023.
- » ServiceOntario has not yet developed a mobile application that would allow Ontarians to access services on their mobile devices. In comparison, British Columbia developed a mobile application that can be used to access government services.
- » As part of the modernization plan, ServiceOntario had planned to implement chatbots for all its services by March 2022 to provide greater convenience to Ontarians, for example, by reducing the need for users to interface with multiple IT systems or call a help centre to resolve queries while conducting a transaction. We noted that this functionality was implemented as a pilot project for driver and vehicle services only, at a cost of around \$200,000. At the time of our audit, ServiceOntario had not defined concrete plans or milestones to implement chatbot functionality for all its online services.

Online Services Have Manual Back-End Processes that Delay Service Delivery

We found that, in many cases, back-end processes were manual even if customer-facing services were available online, leading to continued inefficiencies and delays in providing services to Ontarians. The data required to automate back-end processes is available within other IT systems in the OPS and could be interfaced, but ServiceOntario was not leveraging the data to automate processes. For example, customers can apply for an accessible parking permit online, but ServiceOntario must manually validate supporting documents, such as a driver's licence and a health-care provider's certification, before issuing the permit. As a result, the service standard to provide these permits is three weeks. Refer to **Section 4.3** for details regarding turnaround times for ServiceOntario services.

We noted that, of the over 380 sub-services that were available online to Ontarians, 47 or 12% were manually processed by ServiceOntario. For example, the top five products with the highest number of manual back-end processes are: accessible parking permits (all 21 online services require manual verification), birth certificates (five of 16 online services), adoption disclosure (all four online services), death certificates (three of seven online services) and change-of-name certificate (both the online services). As noted in **Section 4.3**, many of these services have outdated service standards and do not provide timely services to Ontarians partly because of the manual processing required to be done by ServiceOntario.

Recommendation 4

We recommend that ServiceOntario:

- in collaboration with the Government Services Integration Cluster and partner ministries, such as the Ministry of Transportation and Ministry of Health, develop a strategy that includes criteria for prioritizing services for digitalization, and timelines for completion;
- regularly report its progress to the Ministry of Public and Business Service Delivery and Procurement as well as the Treasury Board Secretariat; and
- use the criteria to identify services to be digitalized—for example, products and services that are partially digitalized or have manual back-end processes.

For the auditee's response, see **Recommendations and Auditee Responses**.

4.1.3 Critical Components of a Digital Strategy Are Missing

ServiceOntario has developed four key plans over the last 10 years that outline its goals for delivering services to Ontarians. However, we found that only some components of digitalization were included, and that very few common elements and initiatives were identified in the plans. We also noted that the current Service Delivery Plan 2023–2025 did not include intended outcomes or timelines/milestones for government services to be digitalized.

We found that neither the current service delivery plan nor any of the previous plans outlined a holistic strategy toward the government's goal of digitalizing services. The plans lacked critical components that could help the government make effective and timely decisions toward this goal.

Without these critical components in place, we found that ServiceOntario did not have the information it needs to properly evaluate its digitalization efforts, such as progress toward its digitalization objectives, the individual cost of its digitalization initiatives and the reasons for low digital adoption.

We also found a lack of continuity with respect to governance and oversight of the digitalization strategy. Three assistant deputy ministers, key members of ServiceOntario's executive management team, were new to their positions and had joined in 2021. During our interviews with them, we noted that they were unaware of the historical decision-making surrounding these strategic plans. Since the launch of the original digitalization strategy in 2015, we noted significant turnover in the key leadership and decision-making roles at ServiceOntario; that is, in the deputy minister, and associate and assistant deputy minister roles. There were about 24 exits in these key leadership roles with an average employment tenure of 13 months for the deputy minister role and 26 months for associate or assistant deputy minister roles. This lack of continuity in key leadership roles may have resulted in an inconsistent and unclear strategic vision and mandate in digitalizing services.

We specifically noted the following key components, generally considered as best practices, that were missing in the strategic plans:

- | | |
|---|---|
| » determining digitalization objectives with expected/targeted outcomes; | » assigning roles and responsibilities for each of the activities; |
| » establishing metrics to measure the achievement of objectives and outcomes; | » estimating the costs of overall digitalization; and |
| » defining the key activities, with timelines, for achieving expected outcomes; | » identifying the key government services for digitalization, along with proposed timelines for completion. |

See **Figure 8** for a comparison of the four key plans.

Figure 8: Comparison of Strategic Plans, 2019 to 2025

Source of data: ServiceOntario

	ServiceOntario 2.0 (2015)	ServiceOntario Modernization (2021)	Better Services Plan (2022)	Service Delivery Plan (2023–2025)
Components Related to Digitalization				
Digitalization Objectives	✓	✓	×	✓
Targeted Outcomes	×	✓	×	×
Metrics to be Measured	×	✓	×	×
Timelines	×	✓	×	×
Estimated Cost of Digitalization	×	×	×	×
Assign Roles and Responsibilities to the Initiatives	×	×	×	×
Identification of Initiatives to be Digitalized	×	✓	✓	✓
Key Goals				
Top 10 Services Identified	×	×	×	×
Digital Adoption	✓	✓	×	×
Key Initiatives Referenced (Examples)				
Digital ID	✓	✓	×	×
Health Card and Driver's Licence Road Map	×	✓	×	✓
Mobile App	×	×	×	×
Vital Events (Birth, Death or Marriage Certificate)	×	✓	✓	✓
Chatbots/Two-Way Messaging	×	✓	✓	✓
Digital Photos and E-Signatures	×	×	×	✓

In comparison, we found that other jurisdictions had more comprehensive digitalization plans that included key components. For example, the 2023 BC Digital Plan clearly outlines the following components:

- » four mission statements;
- » digitalization objectives and expected outcomes guided by the four mission statements;
- » key activities needed to achieve the objectives and outcomes;
- » roles and responsibilities assigned for each of the key activities; and
- » measures of success.

Recommendation 5

We recommend that ServiceOntario work with the Government Services Integration Cluster and its partner ministries, such as the Ministry of Transportation and Ministry of Health, to:

- define digitalization objectives including components such as priorities, targeted outcomes, and key activities and timelines;
- establish and monitor the metrics to measure the achievement of digitalization objectives and outcomes, and take required action where the metrics have not been met; and
- assign roles and responsibilities for each key activity.

For the auditee's response, see **Recommendations and Auditee Responses**.

4.2 Digital Dealership Program

4.2.1 ServiceOntario Was Slow to Attract Auto Dealerships That Would Have Benefitted from the Online Vehicle Registration Program

ServiceOntario launched the DDR program in March 2022 at a cost of \$18 million to enable auto dealerships to register vehicles online and issue permits and licence plates directly to purchasers. The program makes it easier for Ontarians to buy or sell an automobile by speeding up their service delivery, and eliminating duplicative paperwork and time-consuming trips to ServiceOntario centres. Although there are approximately 8,000 auto dealerships in Ontario, the DDR program has been rolled out in phases.

ServiceOntario has promoted the success of this program in various internal reports, including the 2022/23 Annual Report to the Premier on the Public Service of Ontario. The DDR program was also included in the Spring 2022 Burden Reduction Report, published in September 2022, as an initiative to make government “interactions simpler to help improve people’s day-to-day lives.”

4.2.2 Program Requirements Discourage Many Dealerships from Enrolling

The DDR program, which relates to one of ServiceOntario’s top 10 high-volume services (see **Section 4.1.1**), was intended to benefit more than 8,000 Ontario auto dealerships by speeding up their service delivery, and saving them additional costs and time by eliminating duplicative paperwork and time-consuming trips to ServiceOntario centres. However, in our interviews with a sample of auto dealerships and other key stakeholders, we noted many concerns related to how the DDR program was designed—namely, that it imposed onerous requirements on dealerships, especially small and medium-sized ones, rather than saving additional costs and time.

- » We also found that from February 2022, when the DDR program was launched, to July 31, 2024, less than 2%, or 26,816, of 1.5 million vehicle registration transactions were conducted online through the DDR program by the dealerships that were enrolled and using the DDR program to register vehicles. This indicates that many dealerships still opted to conduct vehicle registrations in person at a ServiceOntario location, instead of using the online channel.

We interviewed a sample of 15 auto dealerships in Ontario that were either enrolled or in the process of being enrolled in the DDR program as of July 31, 2024, to obtain feedback on their experience with the program. We noted that:

- » **Dealers in the Process of Being Enrolled in the DDR Program:** Seven dealerships, who were in the process of onboarding, were concerned about the requirements of the program, such as:

- inspections by ServiceOntario;
- insurance coverage and security requirements for safeguarding controlled stock, such as licence plates and ownership permits, once they receive them from ServiceOntario; and
- the investment required for security vaults.

The dealerships who were concerned about these requirements indicated that they were unlikely to use the program even if they were enrolled. These dealerships were also concerned about the delays in being enrolled in the program. Only one dealership expressed interest in continuing with the program once fully enrolled.

» **Dealers Enrolled in the DDR Program:** The remaining seven dealerships were fully enrolled in the DDR program. Four of the dealerships noted that they did not find the program convenient because of either:

- resourcing constraints related to having dedicated trained staff to process vehicle registrations; or
- they did not start using the online process as they found it too time-consuming to set up.

Two dealerships were not yet using the program because they were waiting for their staff to be trained. Only one dealership found the program convenient and easy to use, but told us that many functionalities within the process still had to be done in person and that it would be more convenient to have the process either fully online or fully in person. As a result, the dealerships told us they still visit a ServiceOntario location to register vehicles even though they are fully enrolled in the DDR program and have the access to register vehicles online.

We interviewed an additional sample of 10 auto dealerships in Ontario that were not yet enrolled in the DDR program as of July 31, 2024, to understand their awareness of the program and interest in enrolling in it. Six of the 10 dealerships heard about the program directly through ServiceOntario's outreach. Two dealerships were not aware of the program, and two other dealerships heard about the program through their professional network and not through ServiceOntario's outreach.

Based on our interviews, we noted that:

- » Five of the 10 dealerships expressed similar concerns about onerous requirements such as safeguarding controlled stock, additional staff resourcing and having to invest in computers. Because of these concerns, they told us they preferred to continue with their current process of registering vehicles in person. These concerns were similar to those expressed by dealers who were either already enrolled or in the process of being enrolled as noted above.

- » The remaining five of the 10 dealerships were interested in enrolling in the program, but preferred to wait for ServiceOntario to reach out to them for the enrolment process. This suggested that ServiceOntario did not have a complete outreach and engagement strategy—for example, by identifying dealerships interested in enrolling in the program and prioritizing their onboarding.

In addition, in August and September 2024, we met with key stakeholders in the auto dealership industry in Ontario—the Ontario Motor Vehicle Industry Council (OMVIC), the provincial regulator for around 8,000 registered auto dealerships; the Motor Vehicle Retailers of Ontario (MVRO), an industry association for auto dealerships that primarily sell new cars (new auto dealerships); and the Used Car Dealers Association of Ontario (UCDA), an industry association for used auto dealerships.

We noted that ServiceOntario did not engage UCDA during the initial design of the DDR program, even though it is a key stakeholder in the industry. ServiceOntario engaged OMVIC during the initial design phase of the DDR program to survey dealerships regarding the existing licensing process. ServiceOntario engaged MVRO in the initial design for piloting the DDR program only for new auto dealerships. Subsequently, ServiceOntario engaged all three stakeholders to promote the DDR program among their members, including webinars conducted by ServiceOntario to raise awareness of the program and surveys to obtain feedback from dealerships regarding their experience and challenges in using the program. We noted that some auto dealerships reached out to OMVIC, MVRO and UCDA since the launch of the DDR program to clarify certain requirements of the program, instead of reaching out directly to ServiceOntario. This suggests some communication barriers between ServiceOntario and auto dealerships during the rollout of the DDR program.

In our discussions with OMVIC, we specifically noted several concerns that auto dealerships had about enrolling in the DDR program:

- » They did not fully understand the objective, purpose and benefits (for auto dealerships) of the DDR program.
- » They were unclear about the requirement to appoint a security officer responsible for administering the DDR locally at the dealership and oversee program requirements such as safeguarding of controlled stock.
- » They felt that the requirement to have a clean record (or being in good standing with OMVIC, without any open investigations or pending charges against them) was inconsistent given that there is no such requirement for in-person dealings with ServiceOntario.

These enrolment barriers between ServiceOntario and auto dealerships during the rollout of the DDR program were not addressed, and ServiceOntario did not have any plans with action items and timelines to address stakeholder concerns about program requirements.

Recommendation 6

We recommend that ServiceOntario:

- conduct surveys and workshops with auto dealerships to clarify program requirements and to identify the root cause of low enrolment in the Digital Dealership Registration (DDR) program;
- assess the feedback from these surveys and workshops and implement necessary changes to the DDR program as it relates to training and safeguarding of controlled stock;
- create and distribute a reference guide or a standard operating procedure that includes the roles and responsibilities of auto dealerships, regulators and ServiceOntario;
- revise the communications and outreach messaging to promote awareness of the DDR program; and
- identify dealerships that express an interest in enrolling for the DDR program, and prioritize their onboarding.

For the auditee's response, see **Recommendations and Auditee Responses**.

4.2.3 ServiceOntario Set Unrealistic and Unclear Targets for Enrolment and Online Transaction Volumes

According to ServiceOntario's strategic plan submissions to the Treasury Board Secretariat, there are around 8,000 new and used auto dealerships in Ontario, of which 1,500 buy and sell newly manufactured and used vehicles, around 5,500 buy and sell used vehicles only, and around 1,000 are wholesalers, exporters, leasing companies, brokers, and out-of-province dealers. When Ontario announced the launch of the DDR program in 2022, the service only included functionality for new vehicle transactions, but was expanded in June 2023 to include used vehicle transactions as well.

When we asked ServiceOntario about its current enrolment targets, we were told that it had an initial target of 40 new auto dealerships during the initial rollout/pilot phase of the program, and a new target of 1,000 new and used auto dealerships by 2023/24, although it did not have a comprehensive assessment or formal rationale for this new target. OMVIC told us that during the program's initial rollout, its understanding was that ServiceOntario had envisioned a target of enrolling 3,000 dealerships by 2023. This suggests that ServiceOntario's targets for dealership enrolment were continuously moving without a defined rationale, and that it did not have a strategic plan/approach to achieving desired outcomes.

Recommendation 7

We recommend that ServiceOntario:

- develop a clear strategy and data-based approach to achieving its desired outcomes for the Digital Dealership Registration (DDR) program, including timelines and performance measures;
- establish realistic targets based on current information about dealership enrolment; and
- monitor actual performance to targets, and take corrective action when targets are not met.

For the auditee's response, see **Recommendations and Auditee Responses**.

4.3 Performance of ServiceOntario's Digital Operations

4.3.1 Service Standards to Specify Timely Delivery Are Missing for 78% of Online Sub-Services

We found that ServiceOntario did not establish service standards for 294 or 78% of the 380 sub-services that are available online. For example, it did not establish service standards for some of its key service offerings, such as health card and driver's licence renewals. The service standards established by ServiceOntario define the length of time it should take to complete a service—from a customer's initial request or application to the delivery of the service or product, such as a driver's licence or health card. Without a defined service standard, or a target time to complete a service, there is no measure to hold ServiceOntario accountable for delivering services or products in a timely manner to Ontarians.

ServiceOntario has not analyzed the 294 sub-services that lack a service standard to identify whether there are any that should have one. ServiceOntario has also not developed criteria for prioritizing those services for which service standards should be implemented at a minimum, such as high-volume services.

Recommendation 8

We recommend that ServiceOntario identify, prioritize and establish service standards, in line with industry standards, for all services that require a standard to be established for timely delivery.

For the auditee's response, see [Recommendations and Auditee Responses](#).

4.3.2 Existing Service Standards Are Outdated and Based on In-Person Delivery

Even though ServiceOntario had established service standards for 87 or 22% of 380 sub-services that are available online, we found that these service standards were established in 2008, when these services were only offered in person. ServiceOntario has not reviewed or updated the standards for these services even though they were subsequently made available online. As a result, the outdated service standards do not account for the benefits of delivering these services online, such as reduced processing times.

In addition, we reviewed existing service standard performance data, from 2019/20 to 2023/24, and noted that ServiceOntario has consistently met or exceeded its targets, likely because the service standards that are set are unreasonably low and easily achievable.

Figure 9: Comparison of Service Standards for ServiceOntario and a Sample of Provinces (# of Business Days¹)

Prepared by Office of the Auditor General of Ontario

	Service Standard ²						
	Ontario	British Columbia	New Brunswick	Prince Edward Island	Quebec	Alberta	Manitoba
Certificate Applications							
Birth	15	2–5	5	8	5	3	n/a ⁵
Death	15	2–5	10	8	10	n/a ³	n/a ⁵
Marriage	15	2–5	10	8	10	n/a ³	n/a ⁵
Premium Applications							
Birth	5	1	2	2	3	n/a ⁴	3
Death	5	1	2	2	3	n/a ⁴	3
Marriage	5	1	2	2	3	n/a ⁴	3

1. Business days include the time taken to deliver the document to the customer.

2. Service standard is specifically 48 hours, either business or non business.

3. Service not offered online.

4. Service not offered at all (either physical or online).

5. No service standard exists.

We compared the online service standards for a sample of six of the 87 online sub-services with established service standards that are also offered by a sample of other provincial governments. **Figure 9** shows the service standards of these jurisdictions and ServiceOntario. As shown in the figure, these other jurisdictions strive to provide more timely services than Ontario for all six sub-services.

Recommendation 9

We recommend that ServiceOntario:

- develop service standards and targets that consider the digital delivery of the service or product on an ongoing basis;
- regularly assess the established service standards and targets against other jurisdictions to align with industry best practices; and
- regularly monitor and report actual performance against the established service standards and targets.

For the auditee's response, see **Recommendations and Auditee Responses**.

4.3.3 Low Customer Satisfaction with Digital Services

In 2021, ServiceOntario established three key performance indicators to measure its digitalization efforts, including a target of 75% customer satisfaction for the top 10 services conducted through the online channel. We noted that ServiceOntario has failed to reach the target for three of the past five years and its results have been consistently decreasing.

- » 2019/20 actual customer satisfaction: **81.02%**
- » 2020/21 actual customer satisfaction: **77.50%**
- » 2021/22 actual customer satisfaction: **72.44%**
- » 2022/23 actual customer satisfaction: **73.82%**
- » 2023/24 actual customer satisfaction: **48.43%**

ServiceOntario offers an optional survey after a transaction is completed online. Users are asked to answer five questions based on their experience, including the time it took to complete the service and overall feedback, and to rate their satisfaction on a five-point scale from very dissatisfied to very satisfied. As of August 2024, surveys were offered only on 36 sub-services of a total 380 sub-services that were offered online. We noted that customer satisfaction results were significantly lower in 2023/24, mainly because online customers were able to complete the survey even when they encountered a technical issue and were unable to complete a transaction on ServiceOntario's website. In previous years, customers were primarily able to provide feedback only upon successfully completing their transaction.

Recommendation 10

We recommend that ServiceOntario:

- analyze the feedback from its customer satisfaction surveys for online services and perform a root cause analysis of customer complaints; and
- assess strategies for addressing these root causes, such as improving customer interfaces with online transactions or implementing new services to fulfil customers' demands.

For the auditee's response, see [Recommendations and Auditee Responses](#).

4.4 Digitalization of ServiceOntario Operations

4.4.1 In-Person Wait-Time Information Is Unreliable or Inaccurate

75% of ServiceOntario Locations Use Outdated Methods to Calculate Wait Times

ServiceOntario uses the Ontario government's established service standard of 20 minutes or less, 80% of the time, for customers to wait for service when visiting a ServiceOntario location in person. We noted that ServiceOntario relies on a manual process to calculate actual wait times at 213 or roughly 75% of its about 280 locations. These locations calculate wait times at four specific times in the day: 9:30 a.m., 11:30 a.m., 1:30 p.m. and 3:30 p.m. A ticket number is provided to the last customer in the queue at each of the above-mentioned times, and the wait times are calculated as the time it takes that last customer to be served by a customer service representative.

This is a manual process that is subject to manipulation and manual error, and we are unable to rely on the accuracy of these calculations. This was a common concern expressed by the private operators of the locations we visited. We also noted that ServiceOntario does not monitor the calculation or accurate reporting of wait times by private locations to assess their performance, for example, through the QAP process. As a result, it is unable to identify if the wait times were under-reported or falsely reported.

Twenty-seven in-person ServiceOntario locations use an IT system to calculate wait times automatically. Each walk-in customer receives a ticket upon arrival, which records their entry time and assigns them a ticket number. When a customer service representative is ready to assist the customer, the wait time is calculated from the recorded arrival time to the time they are assisted.

We obtained the wait-time information from ServiceOntario, and analyzed the data from April 2022 to March 2024, two fiscal years post-pandemic, and noted that:

- » The 213 locations using the manual system to calculate wait times consistently reported significantly lower wait times than the 20-minute service standard. The average wait time for each customer at these locations was 6.51 minutes, and ranged from 4.76 minutes to 9.38 minutes.
- » The 27 locations using the automated system to calculate wait times reported higher wait times than the 20-minute service standard half of the time. The average wait time for these locations was 19.83 minutes, and ranged from 7.74 minutes to 26.64 minutes.
- » In addition, we noted that the wait times calculated using the automated method were always higher than what was reported by the locations using the manual method of calculation.
- » The remaining approximately 40 locations do not track wait times because they have a single wicket and experience low transaction volumes.

ServiceOntario does not post real-time wait-time data on its website for individual locations. Instead, it displays a wait-time statement based on the average wait time calculated for the prior week, as detailed below. If the weekly wait time calculated for a location is higher than 20 minutes, the website displays a generic message advising customers to return later because the location is experiencing higher-than-normal wait times. According to ServiceOntario, this generic message could discourage customers from visiting that location. On the contrary, if the weekly wait time calculated is lower than 20 minutes, no wait-time message is displayed on the website for that location. This would likely encourage customers to visit the location, thereby increasing transaction volumes and, in the case of private operators, aggregate transaction-based compensation as well. This could effectively provide an incentive to private operators to under-report their wait times.

Wait-Time Information Displayed on ServiceOntario Website is Inaccurate

We found that ServiceOntario's website does not always display wait-time information for its locations. The ServiceOntario website displayed either a generic message that the locations are experiencing higher-than-normal wait times and advising customers to return at a later time, book an appointment or try their online services; or did not display any message related to wait times, as detailed above. We visited two public locations during opening hours and noted that the online website displayed this generic message inaccurately, even though the foot traffic was low and staff were available to service customers. We visited five private locations and found that the website did not display the actual wait times for these locations.

We also noted that there was no system interface between the Orion system, ServiceOntario's IT system for online appointment booking and lobby management at some physical locations, and ServiceOntario's website. ServiceOntario does not have any plans to develop such an interface or display wait times to Ontarians, either on its website or in the physical locations.

The benefits of displaying accurate wait-time information are two-fold: greater convenience for customers who can plan their visits to minimize the time they spend waiting, and greater efficiency for ServiceOntario from more balanced traffic flows. The lack of useful and accurate information creates a perception of poor service and contributes to more customer complaints about long wait times, and negative feedback on quality of service.

Recommendation 11

We recommend that ServiceOntario:

- implement an automated IT system to calculate accurate wait times for its in-person locations; and
- display accurate wait-time information for all its in-person locations on its website to enhance the transparency of government operations.

For the auditee's response, see **Recommendations and Auditee Responses**.

4.4.2 Photo Cameras and Signature Pads at ServiceOntario Locations Are Slow and Often Malfunction

ServiceOntario uses about 560 cameras at its locations to take photos of customers to display on driver's licences, health cards and other photo ID cards. Based on staff feedback at the seven locations we visited, these cameras were slow and often malfunctioned, resulting in poor customer experiences and service delays. We also observed slow cameras during our visits; in 17 or 27% of 62 transactions related to services requiring a customer photo, we noted staff had to make multiple adjustments to frame photos correctly, requiring repeated clicks or retakes. Additionally, the camera systems frequently froze and failed to display results for extended periods, which caused significant delays in completing the services. In some instances, staff had to reboot their computers to resolve the issue. These systems are critical for capturing Ontarians' photos used in key identity documents.

ServiceOntario's cameras generally have a 10-year life cycle, although they can be replaced earlier when more efficient and up-to-date models are available. The Ministry of Transportation is responsible for the procurement and management of these cameras. We noted that all 560 cameras were replaced in 2017 by the Ministry of Transportation after they were first procured in 2007, with the intention of making them more efficient. This replacement was covered at no extra cost by the vendor contract, signed in 2007 for \$210 million, including hardware and installation of photo cameras and signature pads, as well as production of driver's licences, health cards and Ontario photo cards.

We also noted that staff experienced technical issues with signature scanning-devices, which often failed to display scanned signatures and froze intermittently.

We reviewed a list of IT incidents related to cameras and signature pads and noted that, from January 2019 to June 2024, there were 3,561 IT incidents logged for cameras and 1,985 IT incidents logged for signature pads. On average, these cameras experienced an outage of 26 hours; the longest recorded outage was for 1,609 hours or 201 days. Similarly, for signature pads, the average outage was for 19 hours; the longest recorded outage was for 1,315 hours or 164 days.

A working group was established in 2023 with ServiceOntario, ITS, the Government Services Integration Cluster and the Ministry of Transportation, to identify the reasons for malfunctions related to the camera systems. The working group attributed the poor performance to a number of reasons, including underlying software on ServiceOntario's legacy IT systems, camera settings and configurations, a need for additional onsite maintenance and cleaning of cameras, lighting, and other environmental factors.

As part of ServiceOntario's Service Delivery Plan, discussed in **Section 2.2.1**, we noted that ServiceOntario is exploring options that would allow its customers to upload a digital photo or digital signature when applying for a service. Providing such digital options could encourage more Ontarians to access services online, thus easing pressures on the physical locations providing in-person services. We noted that certain federal government services, such as applying for Canadian citizenship or permanent residency, allow applicants to upload a digital photo. In addition, various federal departments, such as the Canada Revenue Agency, do accept digital signatures.

Recommendation 12

We recommend that ServiceOntario work with the Ministry of Transportation to:

- complete the planned software upgrade of photo cameras and signature-scanning equipment at in-person ServiceOntario locations as per the defined project timelines;
- develop and implement action plans with timelines to address other reasons for poor performance of cameras, such as the need for additional onsite maintenance and cleaning, lighting, and other environmental factors;
- conduct a post-upgrade assessment of the photo camera and signature-scanning systems to ensure that performance issues are resolved; and
- analyze and document opportunities to modernize existing technology or implement digital tools, such as uploading digital photos and digital signatures, as acceptable formats and means to issue products.

For the auditee's response, see **Recommendations and Auditee Responses**.

4.4.3 Weak Security Controls Expose Ontarians' Personal Information to Unauthorized Disclosure

Weak Password Settings for IT systems

We found that ServiceOntario did not follow OPS requirements to implement multi-factor authentication (MFA) for staff accessing workstations and IT systems. Because these workstations and IT systems, such as the driver licensing system and health card information system, process and store Ontarians' sensitive information, MFA is critical as an added layer of security. Ontario's GO-ITS 25.0 General Security Standard (GO-ITS 25.0), developed by the CCIO and applicable to public and private locations, includes a requirement to enforce MFA for IT systems that process or store sensitive information in order to enhance the robustness of access controls.

MFA requires users to enter more than just a password to verify their identity; for example, it requires them to enter a one-time code sent to their registered email address or mobile phone.

We also found that the password for some IT systems used to process driver's licence and health card transactions was only eight characters long, even though the security standard dictated a minimum of 12 characters for passwords. In addition, none of the systems were required to include complexity in their passwords, contrary to the requirement defined in the security standard.

Staff Shared IT Credentials and Left Sensitive Information Unattended

At two of the seven locations we visited, we observed multiple instances where staff shared credentials to access IT systems and left their wickets and IT systems unattended without securely locking them. At other locations, we observed that staff wrote down passwords and stored them in open trays or drawers.

We also observed that sensitive documents and forms containing the personal information of Ontarians, such as names, birth dates and addresses, were often kept in open, unlocked trays and drawers next to the agents, and were left unattended when customer service representatives were on break. In addition, at one of seven locations visited, we observed that completed driver and vehicle forms containing personally identifiable information—such as addresses, and first and last names—were left unattended in common areas accessible to all staff. This creates a risk of disclosure or theft of Ontarians' sensitive personal information.

Poor practices, such as writing passwords on sticky notes, storing passwords in accessible places and sharing passwords can increase the risk of IT systems being compromised or sensitive information being disclosed to unauthorized individuals.

Risk of Data Leakage or Unauthorized Disclosure

We found that controls were not in place to restrict ServiceOntario staff from accessing websites that can be used to share files or to upload the confidential information of Ontarians. This lack of control over Internet access raises concerns about security risks such as accidental disclosure of Ontarians' personal information, or exposing systems to malware, ransomware, phishing attacks and data breaches. We noted that the OPS-wide Acceptable Use of Information Technology policy indicated that government's IT systems and resources should be exclusively used for government business only and prohibits staff from accessing websites and using non-OPS-approved devices that could compromise the security and integrity of OPS IT systems. However, ServiceOntario does not monitor compliance with this policy at its in-person locations.

Lack of Security Cameras

We found that many of the public and private ServiceOntario locations did not have security cameras on site. ServiceOntario recommends security camera systems to be installed in public locations as part of its Physical Security Guidelines for ServiceOntario; we noted that some public locations did not follow this recommendation. ServiceOntario does not require private operators to have security cameras as part of their operating contract, and many private ServiceOntario locations do not have security cameras. Security cameras can act as a deterrent and as an

investigative tool; without them, there is an increased risk of unauthorized disclosure of sensitive information, fraud, and theft of controlled stock such as licence plates, and ownership and credit card authorization forms that include credit card details.

For the private locations that did have security cameras, we noted that camera recordings, which contain the personally identifiable information of Ontarians, were not stored or managed by the OPS or ServiceOntario but by the security camera service providers or the owners/operators of private locations. Although the agreement between the private operators and ServiceOntario contains provisions related to the security of camera recordings, such as implementing encryption controls, ServiceOntario does not monitor compliance with this requirement—for example, through its QAP reviews. This creates a risk that the data storage and retention of security camera recordings do not meet the requirements of the *Freedom of Information and Protection of Privacy Act* and puts Ontarians' personally identifiable information at risk of exposure.

Recommendation 13

We recommend that ServiceOntario work with the Government Services Integration Cluster, where applicable, to:

- implement strong passwords that are in line with the security standard;
- enforce the use of multi-factor authentication for staff accessing workstations and IT systems at in-person ServiceOntario locations;
- regularly educate and train staff on cybersecurity threats and best practices related to password sharing and safe recordkeeping of confidential documents;
- implement data leakage controls to prevent staff at in-person locations from accessing websites that can pose a security threat;
- assess which ServiceOntario locations require security cameras based on various factors, such as location, foot traffic and past security incidents, and install cameras in these locations;
- ensure that public locations comply with guidelines to install security cameras; and
- communicate the retention requirements of video recordings to vendors and private operators, as per the defined retention schedule, and monitor compliance.

For the auditee's response, see [Recommendations and Auditee Responses](#).

4.5 Cybersecurity

4.5.1 Cybersecurity Assessments for ServiceOntario IT Systems

We reviewed controls related to cybersecurity assessments. Due to the nature of cybersecurity, and so as to minimize the risk of exposure, we provided relevant details of our findings directly to ServiceOntario.

Recommendation 14

Due to the sensitive nature of cybersecurity, and so as to minimize the risk of exposure, we provided relevant details of our recommendations directly to ServiceOntario. ServiceOntario agrees with our recommendations and we have received a commitment from it to act on a timely basis to implement our recommendations in full.

For the auditee's response, see [Recommendations and Auditee Responses](#).

4.5.2 Staff at Private ServiceOntario Locations Have Not Completed Mandatory Cybersecurity Training

ServiceOntario requires its 2,055 staff at public locations to complete two mandatory cybersecurity training courses when they begin their employment, and then again when the course is updated. We noted that ServiceOntario did not provide access to the mandatory cybersecurity training courses for its 1,261 staff working in private locations.

We reviewed the completion data for two mandatory courses from September 2020 to May 2024 for staff at its public locations, and found that:

- » only about 18% or 382 of around 2,055 staff had completed the Information Sensitivity Classification training in 2023. Cybersecurity training should be conducted on an annual basis, as per industry best practices.
- » As of May 2024, only about 40% or 822 of staff had completed the Combatting Cyber Threats training since it was launched in March 2023.
- » As of May 2024, none of the four Assistant Deputy Ministers from various ServiceOntario divisions had taken either of the mandatory cybersecurity training courses.

Both mandatory courses were established by the Corporate Chief Information Officer for all full-time OPS staff, including at ServiceOntario. Managers at the public locations are responsible for ensuring their staff complete these mandatory courses. Although CSD collects the data on

training completion for the ServiceOntario staff working in public locations, ServiceOntario does not monitor staff completion rates, or take corrective action when staff do not complete the mandatory trainings.

ServiceOntario staff, at both public and private locations, handle the personal data of Ontarians on a daily basis. Regular cybersecurity training is crucial to minimize human errors, help staff recognize and avoid threats, and protect sensitive personal data. This is especially important given the weak cybersecurity and improper storage practices we observed at our ServiceOntario location visits. See **Section 4.4.2** for details.

Ministry Staff are Increasingly Susceptible to Phishing Attacks

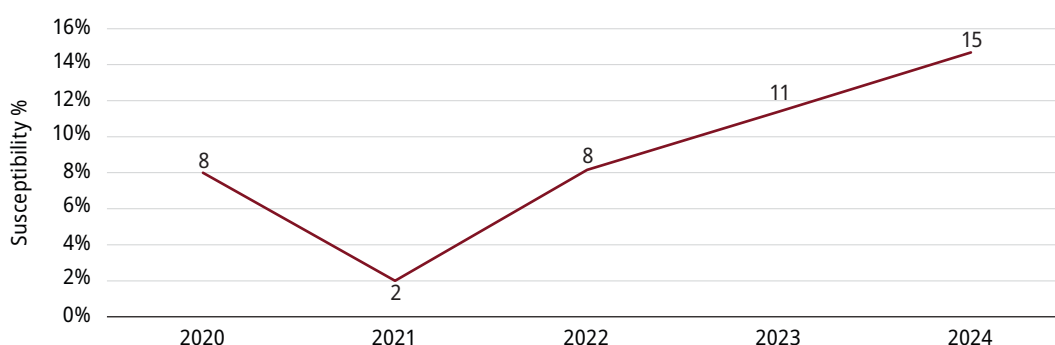
The CSD conducts phishing-simulation campaigns for the entire OPS. The simulated phishing emails are also sent to all ServiceOntario staff working at public locations; the staff working in ServiceOntario's private locations are not part of these phishing campaigns, and do not receive any phishing test emails by CSD.

We obtained the phishing-simulation results for the entire Ministry for the past five years and found that there was a gradual increase in the staff click rate, which means that more Ministry staff were opening the fraudulent links and attachments in these simulated phishing attempts. For example, in 2024, around 15% of the Ministry's staff opened the phishing links or attachments that were sent in the simulated email. **Figure 10** shows the click rates of Ministry staff from January 2020 to May 2024. This increasing trend highlights, in particular, the importance of cybersecurity training at ServiceOntario.

One of the most popular forms of cyber-attack, phishing attacks use emails and text messages with fraudulent links and attachments that, when clicked on, prompt users into disclosing sensitive information such as usernames, passwords and credit card numbers. These attacks are common in organizations such as ServiceOntario that deal with personal information regularly.

Figure 10: Percentage of Ministry Staff that Clicked on a Simulated Phishing Attempt, January 2020 to May 2024

Source of data: Ministry of Public and Business Service Delivery and Procurement



Recommendation 15

We recommend that ServiceOntario work with the Cyber Security Division in the Ministry of Public and Business Service Delivery and Procurement to:

- extend mandatory cybersecurity training courses to staff working in private ServiceOntario locations;
- monitor that all ServiceOntario staff, including those working in private locations, complete all mandatory cybersecurity training courses at least on an annual basis; and
- include staff working in private ServiceOntario locations in the phishing-simulation campaigns.

For the auditee's response, see [Recommendations and Auditee Responses](#).

4.5.3 Records Retention Schedule Needs Improvement

Failure to retain digitally collected personal information, could lead to a violation of the *Archives and Recordkeeping Act, 2006*, or the *Freedom of Information and Protection of Privacy Act*. Ministries are responsible for enforcing these data security requirements on all their IT systems.

We also tested the data-retention requirements for the following two IT systems and noted that:

- » The driver licensing system used at ServiceOntario locations did not have a comprehensive data retention policy in place. All data was being retained indefinitely, with some of it being archived for storage and performance purposes.
- » For the health card information system, we noted that Ontarians' personal data was being retained for more than seven years.
- » In addition to the two systems we sampled, we also reviewed a database that is used by ServiceOntario to collect and store routine enquiries from the public through various platforms, such as X (formerly Twitter) and emails sent by Ontarians to Members of the Provincial Parliament. We found that the database did not have an approved records retention schedule. We noted that the database contained enquiries dating back more than five years.

Data retention and disposal is authorized under the *Archives and Recordkeeping Act, 2006*. Not all data in these systems has an approved records schedule governing its retention. If records are retained beyond the required period, they may pose security and privacy risks, as outdated information may be vulnerable to unauthorized access.

Recommendation 16

We recommend that ServiceOntario implement a records retention schedule for its IT systems.

For the auditee's response, see **Recommendations and Auditee Responses**.

4.6 Monitoring of ServiceOntario's Operations

4.6.1 ServiceOntario Did Not Meet Compliance Threshold for Quality Assurance Categories

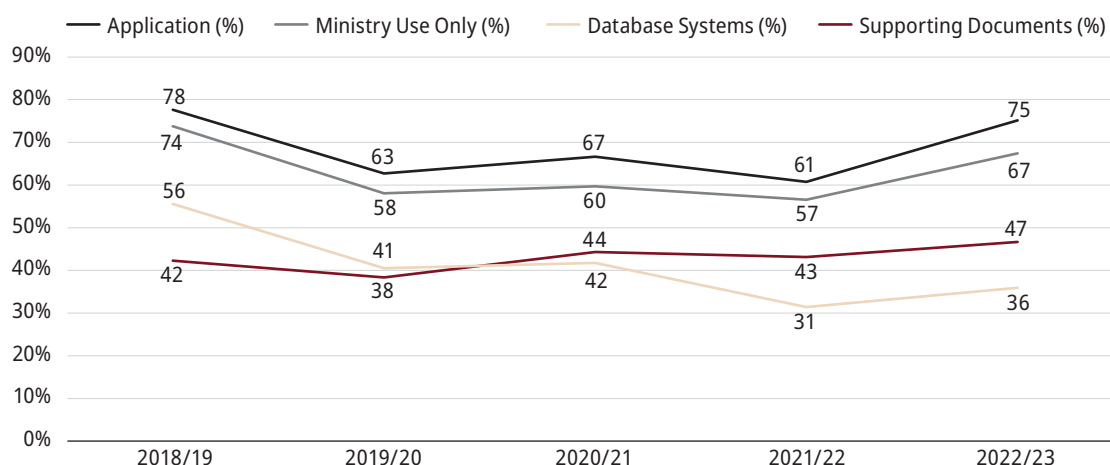
ServiceOntario Locations Did Not Always Record Accurate Information or Retain Supporting Documents while Processing Applications

In our analysis of the results of ServiceOntario's Quality Assurance Program, we found that, while many locations met compliance thresholds at an overall program area level, they fell far short of compliance thresholds in some of the underlying categories evaluated, and that this underperformance continued or even declined over the past five years. This is mainly because ServiceOntario does not conduct periodic training for staff in private locations after their initial onboarding training; regular training is important to keep staff updated on operational requirements, as well as the relevant rules and regulations while processing transactions for customers. We also noted that not all ServiceOntario locations have an ongoing process in place to perform a secondary review (excluding the reviews performed by IOAs) to assess the quality, accuracy and completeness of applications.

As noted in **Section 2.8**, the IOAs support ServiceOntario's QAP to assess the performance of ServiceOntario locations in 13 categories at least annually. We obtained the performance compliance results for these 13 categories for the past five years from 2018/19 to 2022/23, and noted that, with the exception of two categories (operations and evaluation of accessible parking permits), the performance of ServiceOntario locations has either declined or remained the same. Specifically, we noted that there was an increase in the number of locations that did not meet the performance threshold in four categories within the Products area—Applications, Supporting Documentation, Database systems and Ministry Use Only. **Figure 11** shows the percentage of locations that did not meet compliance thresholds from 2018/19 to 2022/23.

Figure 11: Percentage of Non-Compliant ServiceOntario Locations, 2018/19–2022/23

Source of data: ServiceOntario



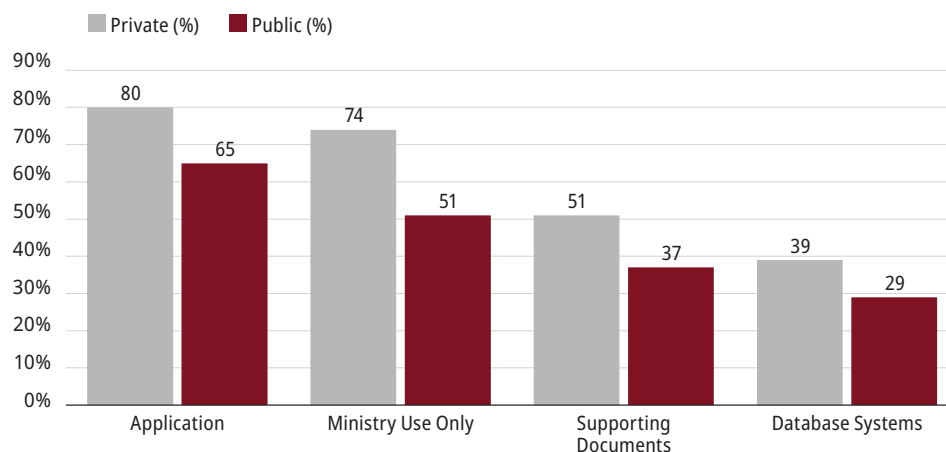
For the year 2022/23, we analyzed the results to identify the percentage of locations that did not meet the compliance threshold of 90% according to data provided by ServiceOntario. We noted the following:

- » For the **Applications** category, 75% of the evaluated locations did not meet the performance threshold, meaning one or more sections of the application form were either not filled in by the customer or were filled in with inaccurate information. For example, some applications did not check off all mandatory boxes, or did not include a signature on all the required forms.
- » For the **Ministry Use Only** category, 67% of the evaluated locations did not meet the performance threshold, meaning that the information required by the Ministry to process an application, such as the customer service representative ID number, office number or the fee collected, was either incorrect or missing.
- » For the **Supporting Documentation** category, 47% of the evaluated locations did not meet the performance threshold, meaning that the supporting documents required to be retained were not complete, legible or accurate. For example, returned or old driver's licences or Ontario photo cards were not retained, or required affidavits were not legible.
- » For the **Database Systems** category, 36% of the evaluated locations did not meet the performance threshold, meaning that required information from the application (such as name format, date of birth and vehicle class) was either not entered or was entered inaccurately into the appropriate Ministry database.

In the QAP results for 2022/23, we noted that more private ServiceOntario locations did not meet the compliance thresholds compared to public locations in the four categories. **Figure 12** shows the private and public ServiceOntario locations that did not meet the threshold for 2022/23.

Figure 12: Percentage of Non-Compliant Private and Public ServiceOntario Locations, 2022/23

Source of data: ServiceOntario



Since these categories are critical for determining that applications are complete and accurate, that Ministry databases are updated with accurate information, and that all necessary supporting documentation is in place, repeated underperformance in these categories indicates an increase in risk factors.

4.6.2 No Repercussions for Locations That Are Consistently Non-Compliant

We analyzed the compliance results for all of the about 280 ServiceOntario locations for the past five years from 2019/20 to 2022/23, and identified locations that did not meet the compliance thresholds for the four categories.

We also identified ServiceOntario locations that consistently missed compliance thresholds for the four categories; that is, they missed thresholds every year for several consecutive years.

Figure 13 shows the number of locations that did not meet the compliance thresholds for the four categories in each of the last five years, and in all five years. We found that ServiceOntario does not identify locations that consistently fail to meet compliance thresholds within a particular category, and consequently had not changed the risk score for that category for these locations. See **Section 2.8** for details on risk scores.

We also noted that the agreements between ServiceOntario and the owners of private locations do not include provisions to hold private locations accountable when they do not meet the established compliance thresholds, other than terminating the contract.

Figure 13: Number of Non-Compliant ServiceOntario Locations, 2018/19–2022/23

Source of data: ServiceOntario

Program Area	2018/19	2019/20	2020/21	2021/22	2022/23	In All Five Years
Applications	222	175	182	172	203	54
Database	82	31	46	29	31	7
Ministry Use Only	211	162	163	160	182	45
Supporting Documentation	62	34	52	55	61	10

Recommendation 17

We recommend that ServiceOntario:

- review the existing risk score of categories for in-person ServiceOntario locations that consistently fail to meet established compliance thresholds;
- increase the risk score for these locations to ensure greater accountability to established compliance thresholds;
- conduct more frequent, routine staff training after initial onboarding to keep staff updated on operational requirements, as well as the relevant rules and regulations while processing transactions for customers;
- implement measures, such as an ongoing secondary review of a subset of applications outside of the Quality Assurance Program reviews, to assess the quality and accuracy of these applications based on their completeness, including having all supporting documentation; and
- amend existing contracts with private operators, upon renewal, to include provisions to deter non-compliance, and add such provisions to future contracts.

For the auditee's response, see **Recommendations and Auditee Responses**.

4.7 Access to Ontarians' Driver and Vehicle Records

4.7.1 Not All Unusual Access to Ontarians' Driver and Vehicle Records Was Reviewed

We found that ServiceOntario's process to identify and investigate system misuse or inappropriate access to driver and vehicle records is weak. The process, put in place in January 2024, does not consider all possible scenarios to detect high-risk instances of ServiceOntario staff accessing the personal records of Ontarians without a valid business reason.

As noted in **Section 4.5**, ServiceOntario location staff access the driver licensing system as part of their job function to provide services to Ontarians who visit a location to, for example, renew a driver's licence or register a vehicle. Staff have access to view and edit personal information in this system, with or without a valid transaction and without first validating a customer's request to do so. In contrast, staff at other entities, such as financial institutions, require validation from the customer—such as a password, personal identification number or a security code sent to their mobile devices—before they can access a customer's records.

As described in **Section 2.9**, ServiceOntario reviews, on a monthly basis, cancelled transactions (that is, where a staff member started a transaction and accessed a driver or vehicle record, but then cancelled the transaction without making any edit or change) to identify cases of inappropriate access to customer records. To do so, it looks for unusual activity wherein a single ServiceOntario staff accessed a driver's licence number (DIN) or a vehicle registration number (VIN) more than a certain number of times in a month. It does not use other criteria to identify the high-risk scenarios of access to records that we identified in our audit. Due to the sensitive nature of the criteria, we have kept them confidential in the report.

In our audit, we reviewed cancelled transactions from January to August 2024 using ServiceOntario's criteria, and found 61 instances of access to a DIN and 1,954 instances of access to a VIN by a ServiceOntario staff member without a valid transaction. ServiceOntario's review of these cancelled transactions found eight high-risk instances of inappropriate access to driver and vehicle records and took corrective action. In two instances, ServiceOntario terminated staff who inappropriately accessed an account. For the remaining six instances, ServiceOntario issued a verbal warning to staff who accessed their own record.

We noted that ServiceOntario does not use any other criteria to identify high-risk scenarios of access to records. Using our criteria, we identified 2,028 instances of staff accessing DINs and 22,269 instances of staff accessing VINs between January and August 2024 that ServiceOntario did not review or investigate, even though it would be unusual for staff to access records in these scenarios.

ServiceOntario is subject to a high risk of fraudulent activities occurring among its front-line staff. For instance, in February 2023, Toronto police uncovered collusion between ServiceOntario staff and an auto theft ring in the Greater Toronto Area. Staff allegedly trafficked sensitive driver and

vehicle data from the Ministry of Transportation database to the thieves, enabling them to resell stolen vehicles more easily. At least two of the implicated staff worked at a private ServiceOntario location. The investigation led to the arrest of seven individuals facing a combined 73 charges. With access to highly sensitive information that could be valuable for criminals, such as driver's licences and vehicle registrations, it is especially important for ServiceOntario to have proper safeguards and oversight in place to protect Ontarians and prevent future abuses.

Recommendation 18

We recommend that ServiceOntario:

- implement a control mechanism, such as a security code sent to customers' registered mobile devices, to prevent ServiceOntario location staff from having access to Ontarians' records without a valid business need; and
- expand existing scenarios to identify and investigate high-risk instances of system misuse.

For the auditee's response, see **Recommendations and Auditee Responses**.

Recommendations and Auditee Responses

Recommendation 1

We recommend that ServiceOntario work with Government Services Integration Cluster and its partner ministries, such as the Ministry of Transportation and Ministry of Health, to:

- perform regular and timely root cause analyses for high-volume services that have low digital adoption;
- develop action plans and timelines to address the identified root causes; and
- develop a comprehensive end-to-end plan for digitalizing sub-services that are not fully digitalized and are only offered in person.

ServiceOntario Response

ServiceOntario agrees with the Auditor General's recommendation on low digital adoption and recognizes the importance of supporting the uptake of online services. ServiceOntario is working with partner ministries to understand the root causes of low digital adoption, including program, policy and technology barriers. This analysis, as well as the Auditor General's recommendations, will inform options for the government's consideration to further digitalize services.

Recommendation 2

We recommend that ServiceOntario:

- analyze online transactions related to its latest ad campaign's targeted online services (renewal reminders, Ontario photo cards and renewals of child health cards) to assess whether the online adoption rates of these three targeted services have improved;
- identify services that have low online adoption rates and prioritize these services for targeted ad campaigns;
- monitor whether the online adoption rates for services have increased following targeted ad campaigns to assess whether the campaigns were effective and successful; and
- work with the Communications Branch in the Ministry of Public and Business Service Delivery and Procurement to take corrective actions when ad campaigns are unsuccessful in improving digital adoption rates.

ServiceOntario Response

ServiceOntario agrees with the recommendations of the Auditor General and welcomes the opportunity to build upon its efforts to increase awareness and uptake of online services. ServiceOntario will assess options to ensure the most suitable plan is implemented and will

continue to assess the effectiveness of campaigns to ensure they meet government objectives and take actions, as needed per the recommendations.

Recommendation 3

We recommend that ServiceOntario:

- develop a policy requiring all locations to prominently display signage that informs customers about available online services;
- develop promotional material detailing the range of services available online, and distribute these materials to customers upon arrival and during service interactions;
- conduct training sessions to educate service representatives on the importance of promoting online service options to customers and guiding customers on how to use online options; and
- monitor that all locations comply with these policies and training sessions.

ServiceOntario Response

ServiceOntario agrees with the Auditor General's recommendation and recognizes the importance of supporting the uptake of online services. ServiceOntario has marketing requirements that are outlined and distributed to both the public and private service centres.

ServiceOntario, in alignment with the Auditor General's recommendations, will continue to enhance its marketing requirements and monitoring of location compliance among ServiceOntario centres.

ServiceOntario is committed to the ongoing learning and development of all public and private service centre staff and, in alignment with this recommendation, has already extended access to learning tools to our private service providers and their employees.

Recommendation 4

We recommend that ServiceOntario:

- in collaboration with the Government Services Integration Cluster and partner ministries, such as the Ministry of Transportation and Ministry of Health, develop a strategy that includes criteria for prioritizing services for digitalization, and timelines for completion;
- regularly report its progress to the Ministry of Public and Business Service Delivery and Procurement as well as the Treasury Board Secretariat; and
- use the criteria to identify services to be digitalized—for example, products and services that are partially digitalized or have manual back-end processes.

ServiceOntario Response

ServiceOntario agrees with the Auditor General's recommendations and will continue to improve the customer experience for all service channels.

ServiceOntario regularly reports its progress to the Ministry and Treasury Board Secretariat and will continue to do so as recommended.

ServiceOntario uses product roadmaps to identify digitalization opportunities and sequence of improvements.

ServiceOntario will continue working closely with its Ministry partners to develop program strategies for service delivery that include identifying services to be digitalized, continuous improvements and back-end processes.

Examples of recent digitalization launches include the new online child health card renewal application (June 2024), and the automation of licence plate renewals for passenger vehicles, motorcycles, mopeds and light commercial vehicles (July 2024).

Recommendation 5

We recommend that ServiceOntario work with the Government Services Integration Cluster and its partner ministries, such as the Ministry of Transportation and Ministry of Health, to:

- define digitalization objectives including components such as priorities, targeted outcomes, and key activities and timelines;
- establish and monitor the metrics to measure the achievement of digitalization objectives and outcomes, and take required action where the metrics have not been met; and
- assign roles and responsibilities for each key activity

ServiceOntario Response

ServiceOntario agrees with the Auditor General's recommendations on ServiceOntario's Service Delivery plan. The current Service Delivery plan covers 2023–2025 and has resulted in greater choice and accessibility as well as more online services to individuals and businesses. Working with partner ministries, ServiceOntario will update the Service Delivery plan informed by the three recommendations from the Auditor General, and in alignment with the enterprise I&IT that enables the government's digitalization objectives and priorities.

Recommendation 6

We recommend that ServiceOntario:

- conduct surveys and workshops with auto dealerships to clarify program requirements and to identify the root cause of low enrolment in the Digital Dealership Registration (DDR) program;

- assess the feedback from these surveys and workshops and implement necessary changes to the DDR program as it relates to training and safeguarding of controlled stock;
- create and distribute a reference guide or a standard operating procedure that includes the roles and responsibilities of auto dealerships, regulators and ServiceOntario;
- revise the communications and outreach messaging to promote awareness of the DDR program; and
- identify dealerships that express an interest in enrolling for the DDR program, and prioritize their onboarding.

ServiceOntario Response

ServiceOntario agrees with the Auditor General's recommendation regarding Digital Dealership Registration (DDR). DDR continues to expand available functionalities in line with its product roadmap. While functionalities continue to roll out on the DDR platform, onboarded dealerships may still need to attend a service centre in person to complete some transaction types. All in-scope functionalities are planned to be rolled out by the end of fiscal year 2024/25.

ServiceOntario, working with partner ministries, is developing the approach for the next phase of DDR, which will focus on program operations, such as dealership uptake, awareness and ease of use. DDR will continue to be designed with fraud prevention as a key objective. The approach for evolving DDR will be informed by the recommendations from the Auditor General and feedback from key stakeholders, existing users and dealers not currently onboarded to the program.

Recommendation 7

We recommend that ServiceOntario:

- develop a clear strategy and data-based approach to achieving its desired outcomes for the Digital Dealership Registration (DDR) program, including timelines and performance measures;
- establish realistic targets based on current information about dealership enrolment; and
- monitor actual performance to targets, and take corrective action when targets are not met.

ServiceOntario Response

ServiceOntario agrees with the recommendation of the Auditor General and is developing an approach for the next phase of Digital Dealership Registration (DDR). The approach will focus on program operations, such as dealership uptake, awareness and ease of use. As part of the approach, ServiceOntario will continue to establish and monitor performance measures and targets that reflect the growth of DDR.

Recommendation 8

We recommend that ServiceOntario identify, prioritize and establish service standards, in line with industry standards, for all services that require a standard to be established for timely delivery.

Ministry Response

ServiceOntario agrees with the recommendation of the Auditor General to work with partner ministries, where applicable, to review, identify and prioritize the establishment of service standards for services.

Recommendation 9

We recommend that ServiceOntario:

- develop service standards and targets that consider the digital delivery of the service or product on an ongoing basis;
- regularly assess the established service standards and targets against other jurisdictions to align with industry best practices; and
- regularly monitor and report actual performance against the established service standards and targets.

ServiceOntario Response

ServiceOntario agrees with the recommendation of the Auditor General regarding ServiceOntario's existing service standards. ServiceOntario will assess options informed by the Auditor General's recommendations, including benchmarking against other jurisdictions, and continuing to monitor and report performance against service standards. ServiceOntario, working with its partner ministries, will also assess the impact of digital delivery on service standards, where applicable.

Recommendation 10

We recommend that ServiceOntario:

- analyze the feedback from its customer satisfaction surveys for online services and perform a root cause analysis of customer complaints; and
- assess strategies for addressing these root causes, such as improving customer interfaces with online transactions or implementing new services to fulfil customers' demands.

ServiceOntario Response

ServiceOntario agrees with the recommendation of the Auditor General regarding low customer satisfaction with digital services. ServiceOntario, working with its partner ministries, has been

conducting analysis and developing plans to address and improve customer experience and has been actively enhancing online services throughout 2024 using customer feedback.

In addition, in February 2024, ServiceOntario expanded collection of customer feedback to include customers who were unable to complete transactions online, to better understand low online uptake and to inform continuous improvement plans. ServiceOntario will continue to expand the collection of customer feedback to capture a wider range of experiences to inform continuous improvement plans and understand the root cause of customer complaints.

Recommendation 11

We recommend that ServiceOntario:

- implement an automated IT system to calculate accurate wait times for its in-person locations; and
- display accurate wait-time information for all its in-person locations on its website to enhance the transparency of government operations.

ServiceOntario Response

ServiceOntario recognizes the importance of wait-time data collection and agrees with the Auditor General's recommendations. ServiceOntario intends to continue the roll out of the lobby management system to service centres with more than one wicket, to more accurately capture wait-time data.

ServiceOntario will also work on improving wait-time data on our website to ensure accurate, real-time information is available to Ontarians.

Recommendation 12

We recommend that ServiceOntario work with the Ministry of Transportation to:

- complete the planned software upgrade of photo cameras and signature-scanning equipment at in-person ServiceOntario locations as per the defined project timelines;
- develop and implement action plans with timelines to address other reasons for poor performance of cameras, such as the need for additional onsite maintenance and cleaning, lighting, and other environmental factors;
- conduct a post-upgrade assessment of the photo camera and signature-scanning systems to ensure that performance issues are resolved; and
- analyze and document opportunities to modernize existing technology or implement digital tools, such as uploading digital photos and digital signatures, as acceptable formats and means to issue products.

ServiceOntario Response

ServiceOntario agrees with the Auditor General's recommendation, and welcomes the opportunity to work with its partners to improve in-person services for Ontarians. In alignment with this, by the end of 2024/25 fiscal year, ServiceOntario will implement enhancements to the image capture software for the cameras to improve the photo capture process. Additional image capture training will be developed to provide further support to service centres.

In the interim, troubleshooting instructions and processes have been provided to ServiceOntario employees to support issues resolution with minimal disruptions to customers. Additionally, ServiceOntario has added a newer model camera to the replacement pool and is investigating environmental improvements to the photo capture process.

Also, by the end of fiscal year 2024/25, ServiceOntario plans to refresh the current signature scanners with modern digital signature pads.

Recommendation 13

We recommend that ServiceOntario work with the Government Services Integration Cluster, where applicable, to:

- implement strong passwords that are in line with the security standard;
- enforce the use of multi-factor authentication for staff accessing workstations and IT systems at in-person ServiceOntario locations;
- regularly educate and train staff on cybersecurity threats and best practices related to password sharing and safe recordkeeping of confidential documents;
- implement data leakage controls to prevent staff at in-person locations accessing websites that can pose a security threat;
- assess which ServiceOntario locations require security cameras based on various factors, such as location, foot traffic and past security incidents, and install cameras in these locations;
- ensure that public locations comply with guidelines to install security cameras; and
- communicate the retention requirements of video recordings to vendors and private operators, as per the defined retention schedule, and monitor compliance.

ServiceOntario Response

ServiceOntario agrees with the Auditor General's recommendation, and recognizes the importance of security controls, including security cameras, to strengthen the security in our in-person service centres. In alignment with this, ServiceOntario has a plan to ensure that all service centres have security cameras installed.

ServiceOntario will work with its partners to determine the appropriate time frame for security camera footage retention and will update requirements for service providers to communicate these requirements. ServiceOntario will implement an annual reminder for all ServiceOntario staff to complete cyber security training.

ServiceOntario and the Cyber Security Division agrees with the recommendation of the Auditor General and will ensure that strong passwords, in line with the security standard, are employed by all public and private service centre employees.

ServiceOntario and the Cyber Security Division will work together to develop options to consider the use and viability of multi-factor authentication for staff accessing workstations and IT systems at in person centres.

ServiceOntario and the Cyber Security Division will work to improve data leakage controls to prevent staff at in-person locations from accessing websites that can pose a security threat.

Recommendation 14

Due to the sensitive nature of cybersecurity, and so as to minimize the risk of exposure, we provided relevant details of our recommendations directly to ServiceOntario.

ServiceOntario Response

ServiceOntario agrees with the recommendation of the Auditor General and welcomes the opportunity to build upon current cybersecurity efforts to implement the recommendation in full.

Recommendation 15

We recommend that ServiceOntario work with the Cyber Security Division in the Ministry of Public and Business Service Delivery and Procurement to:

- extend mandatory cybersecurity training courses to staff working in private ServiceOntario locations;
- monitor that all ServiceOntario staff, including those working in private locations, complete all mandatory cybersecurity training courses at least on an annual basis; and
- include staff working in private ServiceOntario locations in the phishing-simulation campaigns.

ServiceOntario Response

ServiceOntario and the Cyber Security Division agree with the recommendation of the Auditor General, and welcomes the opportunity to build upon current efforts to expand cybersecurity awareness. ServiceOntario and the Cyber Security Division are committed to the ongoing learning and development of all public and private service centre employees to improve cybersecurity and

have taken significant steps in alignment with this to extend access to learning tools, including cyber security training, to our private service providers and their employees. ServiceOntario will explore options with the Cyber Security Division to include private service centres in training and phishing campaigns.

Recommendation 16

We recommend that ServiceOntario implement a records retention schedule for its IT systems.

ServiceOntario Response

ServiceOntario agrees with the recommendation of the Auditor General and will implement a records retention schedule for its IT systems.

Recommendation 17

We recommend that ServiceOntario:

- review the existing risk score of categories for in-person ServiceOntario locations that consistently fail to meet established compliance thresholds;
- increase the risk score for these locations to ensure greater accountability to established compliance thresholds;
- conduct more frequent, routine staff training after initial onboarding to keep staff updated on operational requirements, as well as the relevant rules and regulations while processing transactions for customers;
- implement measures, such as an ongoing secondary review of a subset of applications outside of the Quality Assurance Program reviews, to assess the quality and accuracy of these applications based on their completeness, including having all supporting documentation; and
- amend existing contracts with private operators, upon renewal, to include provisions to deter non-compliance, and add such provisions to future contracts

ServiceOntario Response

ServiceOntario agrees with the Auditor General's recommendation and will assess options to implement processes to address all feedback, including risk scores. ServiceOntario recognizes the importance of monitoring operational compliance with policies and procedures. ServiceOntario will work with service delivery partners to ensure comprehensive operational training is in place for the in-person network. ServiceOntario will continue to develop refresher training on high-risk evaluation errors and ensure that Business Communications are provided to all service centres to train on new procedures.

Although the current Issuing Services Agreement allows for performance management and termination, ServiceOntario acknowledges there are some disincentives in the current compensation model, that focuses on a per transaction compensation. ServiceOntario is working on a compensation model that is moving away from per transaction funding and will have a performance incentive component. This will remove the disincentive to focus only on productivity and motivate service providers to comply with ServiceOntario expectations, including compliance with policies and procedures.

Recommendation 18

We recommend that ServiceOntario:

- implement a control mechanism, such as a security code sent to customers' registered mobile devices, to prevent ServiceOntario location staff from having access to Ontarians' records without a valid business need; and
- expand existing scenarios to identify and investigate high-risk instances of ServiceOntario location system misuse.

ServiceOntario Response

ServiceOntario agrees with the recommendations of the Auditor General. ServiceOntario will evaluate and implement further controls to address the recommendations to prevent ServiceOntario staff from accessing Ontarians' records without a valid business reason; and to expand scenarios to identify and investigate potential system misuse.

Audit Criteria

In planning our work, we identified the audit criteria we would use to address our audit objectives (outlined in **Section 3**). These criteria were established based on a review of applicable legislation, policies and procedures, internal and external studies, and best practices. Senior management at ServiceOntario reviewed and agreed with the suitability of our objectives and associated criteria:

1. ServiceOntario has defined a digital framework that has been appropriately approved and communicated to relevant stakeholders and includes measurable outcomes and timelines, for effective digital delivery of government services.
2. Government services to be digitalized have been identified and prioritized in accordance with established criteria so that they enhance the speed and quality of customer interactions as well as overall user experience, ultimately benefitting Ontarians.
3. Government services have been digitalized using the principles of digital-first instead of digital-only, thereby reducing the need for in-person access.
4. ServiceOntario has developed an outreach strategy to increase public awareness of digital services so that they are effectively used by Ontarians.
5. Regular cybersecurity assessments are performed to safeguard Ontarians' personal data from cybersecurity threats and inappropriate disclosure of confidential data, and corrective actions are taken within the defined service level agreements when issues are identified.
6. The data collected by ServiceOntario is retained and disposed of in accordance with applicable legislation and at par with industry standards.
7. Key measurable metrics are defined and monitored to assess the performance of services provided digitally to Ontarians.
8. The measurable metrics include, at a minimum, utilization, accessibility, ease of use and availability of government services so that digital outcomes are achieved.
9. Reliable data is collected and reviewed on a timely basis to identify opportunities for improvement for informed decision-making.

Audit Approach

We conducted our audit between March 2024 and August 2024. We obtained written representation from the Ministry of Public and Business Service Delivery and Procurement and ServiceOntario that, effective November 27, 2024, they had provided us with all the information they were aware of that could significantly affect the findings or the conclusion of this report.

As part of our audit work, we:

- » interviewed relevant staff from ServiceOntario, Government Services Integrated Cluster, Office of the Corporate Chief Information Officer (CCIO), and the Ministry of Public and Business Service Delivery and Procurement (Ministry).
- » reviewed and performed detailed testing on a selection of operational and financial information/ data, for the last five years (2019/20 to 2023/24).
 - For ServiceOntario, this included data related to strategic plans, transaction volumes, its products and services catalogue, lists of physical locations, dashboards of actual performance on service standards and key performance indicators, management presentations on organizational performance and key digital initiatives, business cases for the funding of digital initiatives, IT projects, operational requirements and thresholds for physical locations, Quality Assurance Program (QAP) dashboards and compliance results, as well as QAP performance improvement plans and rectification orders.
 - For the CCIO, this included cybersecurity controls, such as phishing simulation records and results, and training records.
 - For the Ministry, this included internal policies and guidelines, presentations related to advertising campaigns, and key metrics data.
- » observed demonstrations of key IT systems, including the driver licensing system and health-card information system.
- » reviewed relevant IT and operational related policies, standards and guidelines.

Audit Approach (Continued)

- » visited seven ServiceOntario locations as part of our site visits, covering two public and five private locations. The locations were selected based on geographic region, transaction volumes, and a mix of public-owned and individual private operator-owned locations, and retail co-locations. In addition, we:
 - interviewed location staff, including regional directors, location managers and customer service representatives at the counters;
 - observed a demonstration of IT systems, including Orion, and conducted walk-throughs of front-line counters or wickets and back-office operations at each location, and observed transactions being conducted at the counters; and
 - reviewed and performed detailed testing on selected operational data, including wait-time reports, privacy and security screening, and background checks.
- » interviewed a sample of 15 auto dealerships that were either enrolled or in the process of being enrolled, and another 10 auto dealerships that were not yet enrolled in the Digital Dealership Registration program, to obtain their feedback on the program.
- » spoke with external stakeholders, including the Ontario Motor Vehicle Industry Council, Motor Vehicle Retailers of Ontario and Used Car Dealers Association of Ontario.

Audit Opinion

To the Honourable Speaker of the Legislative Assembly:

We conducted our work for this audit and reported on the results of our examination in accordance with Canadian Standard on Assurance Engagements 3001—*Direct Engagements* issued by the Auditing and Assurance Standards Board of the Chartered Professional Accountants of Canada. This included obtaining a reasonable level of assurance.

The Office of the Auditor General of Ontario applies Canadian Standards on Quality Management and, as a result, maintains a comprehensive system of quality management that includes documented policies and procedures with respect to compliance with rules of professional conduct, professional standards, and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

December 3, 2024



Shelley Spence, FCPA, FCA, LPA

Auditor General
Toronto, Ontario

Acronyms

Acronym	Definition
CCIO	Office of the Corporate Chief Information Officer
CSD	Cyber Security Division
DDR	Digital Dealership Registration
IOA	Issuing Office Administrators
ITS	Infrastructure Technology Services
KPI	Key Performance Indicators
MFA	Multi-factor authentication
OMVIC	Ontario Motor Vehicle Industry Council
OPS	Ontario Public Service
QAP	Quality Assurance Program

Glossary

Term	Definition
Cyber Security Division (CSD)	An enterprise-wide division of the CCIO that provides all cybersecurity-related services and monitoring of cyber risks for ServiceOntario. It performs all threat risk assessments and penetration tests centrally for all IT systems that are used by ServiceOntario.
Government Services Integration Cluster (GSIC)	Primarily responsible for ServiceOntario's day-to-day IT operational needs and provides support for the IT systems.
Issuing Office Administrators (IOA)	ServiceOntario staff who review various operational areas at physical locations (as part of a Quality Assurance Program), including retention of supporting documentation and controls over inventory/stock management, and report on compliance.
Multi-factor Authentication (MFA)	A multi-step account login process that involves logging (authenticating) into an IT system using a traditional password and an additional mechanism such as a fingerprint scan or one-time code that is sent to a registered email address or mobile phone.
Penetration Tests	A simulated cyberattack on a system to identify and exploit vulnerabilities. It helps evaluate the security of a system and improve its defenses against real attacks.
Privacy Impact Assessment (PIA)	Used to identify and address privacy risks in an IT system. It helps ensure that personal data that is being collected is stored and handled in a way that respects privacy and complies with laws, including regulations that specify how long personal data should be stored before it is disposed of.
Product	A product is typically a document (such as a health card, driver's licence or Ontario photo card), an official government record (such as birth registration or land registration), a business entity (business name, partnership) or an application/form that ServiceOntario accepts and transfers/forwards to a ministry partner (such as the Ministry of Transportation or Ministry of Health) for processing.
Quality Assurance Program (QAP)	A program that monitors ServiceOntario locations' performance and compliance with applicable rules and regulations, such as <i>Accessibility for Ontarians with Disabilities Act, 2005</i> , <i>French Language Services Act</i> , and the <i>Freedom of Information and Protection of Privacy Act</i> .
Service	An actionable offering provided by ServiceOntario for a product that enables Ontarians to achieve an outcome—for example, change an address on a driver's licence, renew a lien, replace a lost health card or apply for social assistance.

Term	Definition
Sub-service	A sub-category of a service that reflects differences in permissions, qualifications or content for the customer of a product or service (for example, the product “driver’s licence” is subdivided into sub-categories for non-commercial or commercial class vehicles, or a “hunting licence” for bear, deer or elk); or reflects differences in processes or policies associated with specific customer groups (for example, the product “health card” is subdivided into sub-categories for child, adult and senior).
Threat Risk Assessment (TRA)	Identifies and evaluates potential threats to an organization’s information systems, assessing their likelihood and impact.

Appendix 1: List of Posters Required to be Displayed in ServiceOntario Locations, as of July 2024

Source: Ministry of Public and Business Service Delivery and Procurement

Poster
Hours of Operation
Owned and Operated By
Ministry of Transportation (MTO) Public Notice – Collection of Personal Information
Ministry of Health (MOH) – Statement on Information Practices
Our Promise to You (Caring, Responsive, Accountable, Reliable)
Rate Your Experience – Invitation to fill out an online survey
Consumer Protection Ontario/Administrative Authorities
Driver's Licence Check
French Language Services/Welcome

Appendix 2: ServiceOntario Locations We Visited During Our Performance Audit, 2024

Prepared by the Office of the Auditor General of Ontario

Location	Type	Date of Visit
Toronto Downtown – 777 Bay Street	Public	June 13
Brampton – 1 Gateway Boulevard	Public	June 24
Brampton – 4 McLaughlin Road	Private	June 27
Kitchener – 30 Manitou Drive	Private	July 10
Cambridge – 561 Hespeler Road	Private	July 10
Scarborough South – 1980 Eglinton Ave E	Private	July 10
Scarborough – 1871 O'Connor Drive	Private	July 10

Appendix 3: ServiceOntario Ad Campaigns, 2020/21–2023/24

Source: Ministry of Public and Business Service Delivery and Procurement

Name of Ad Campaign	Source of Funding	Amount Spent (\$)
2020 – 21		
ServiceOntario Online Plate Sticker Renewal*	Ministry Fund	5,000
Sub-Total		5,000
2021 – 22		
ServiceOntario Resumption	Ministry Fund	20,000
ServiceOntario Paper Elimination/Digital Reminders Phase 1	Ministry Fund	2,000
Ontario Business Registry Marketing Campaign	Program Area Funds	56,000
ServiceOntario Online Renewal Services (Post COVID-19)*	Bulk Media Fund	1,768,100
Online Renewals: Accessible Parking Permits	Ministry Fund	3,000
ServiceOntario Plate Sticker Refund Campaign	Bulk Media Fund	60,100
Sub-Total		1,909,200
2022 – 23		
ServiceOntario Always-ON	Bulk Media Fund	666,996
Sub-Total		666,996
2023 – 24		
ServiceOntario Always-ON	Bulk Media Fund	1,999,999
Sub-Total		1,999,999
Total		4,581,195

* includes \$176,000 spent on print media.



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