



Public Accounts of Ontario

2020 Value-for-Money Audit

Why We Did This Audit

- The Auditor General is responsible for auditing the consolidated financial statements of the province, which are prepared by the government.
- The objective of the audit is to obtain reasonable assurance that the province's consolidated financial statements are free of significant errors or omissions.

Why It Matters

- Under the *Auditor General Act*, the Auditor General must determine whether the statements are presented fairly and in accordance with Canadian Public Sector Accounting Standards.
- An unqualified audit opinion indicates the consolidated financial statements are reliable.

What We Found

- Since the announcement of the global COVID-19 pandemic in March 2020, our Office faced challenges and identified additional risks associated with our audit of the Public Accounts due to the province's announcements to combat the pandemic, the availability of information required to perform certain tasks of the audit, and impacts of market volatility caused by the pandemic. We performed additional work to address and respond to these risks and our testing supported our unqualified opinion.
- As of October 2020, the government met all reporting deadlines under the *Fiscal Sustainability, Transparency and Accountability Act, 2019*, with the exception of issuing the 2020 budget. The province issued an economic update in March 2020, but this update did not meet the budget requirements of including a multi-year fiscal plan for the next three years. As a result, the Minister of Finance and the Premier were subject to a penalty of 10% of each of their ministerial salaries.
- The province showed significant improvement compared with the prior year on posting the audited financial statements of the government organizations and broader-public-sector organizations that are consolidated into the Public Accounts with the release of the 2019/20 Public Accounts, where 91% of government organizations and 99% of the broader-public-sector organizations made their audited financial statements available by the date of release of the Public Accounts.
- As part of our audit of the wind-up of the Financial Services Commission of Ontario, our Office experienced difficulties and we found that there was a lack of planning to enable the timely reporting of the wind-up of the organization. There were insufficient staff with knowledge of FSCO's operations available to support the financial statement preparation process, which led to numerous delays in our being able to start and complete our work.
- We noted that the processes for updating contaminated sites annually and identifying new sites differs from ministry to ministry.
- The Ontario government set up a new governance structure within the Ontario Energy Board with the intention to promote greater accountability and separation of policy setting and administration from adjudicative decisions.
- We took a deeper look at the components of the electricity commodity price. We will continue to monitor the electricity rate-setting process and any new rate mitigation programs to ensure that they are properly accounted for in the Public Accounts.
- The province's growing debt burden remains a concern this year. This year, as in the past, we focus on the critical implications of the growing debt for the province's finances.
- We examined accounting conclusions for five contracts or transfer payment programs that were of specific interest to MPPs and the public: (1) one-time funding under the Ontario Autism Program; (2) ongoing accounting for cancelled Feed-In Tariff and Large Renewable Procurement energy contracts; (3) cancellation of the Hamilton Light Rail Transit project; (4) redesign of blue licence plates; and (5) judicial review of the Nation Rise Wind Farm. Details are contained within our *2020 Annual Report*.

Conclusions

- The government prepared and fairly presented the consolidated financial statements of the province in accordance with Canadian Public Sector Accounting Standards.
- This marks the third consecutive year that the province's consolidated financial statements received an unqualified opinion.