



Public Accounts of the Province of Ontario 2020/21

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 Auditor General must determine whether the statements are presented fairly and in accordance with Canadian Public Sector Accounting Standards.

Why it matters

- The Public Accounts provides a picture of how the Province's finances were managed over the past year, and is used by the public, credit rating agencies, legislators and other jurisdictions.

What we found

COVID-19 Impacts on the Audit Addressed

- Provincial initiatives to combat the pandemic and changes to the relevance and reliability of information used by the ministries or our Office to support the financial statements presented challenges and additional audit risks were identified.
- Additional testing was required to respond to these risks, in particular for Transfer Payments, Tax Revenues and Accruals, Consolidations and Supplies and Personal Protective Equipment. Testing results support our unqualified opinion.

RECOMMENDATION 1

Province Complies with Fiscal Sustainability, Transparency and Accountability Act

- The province has met all reporting deadlines under the Fiscal Sustainability, Transparency and Accountability Act.
- The supporting actions and implementation progress for the debt burden reduction strategy are missing from the 2021 Budget.

Safe Restart Agreement – Use of Funding Letters Instead of Transfer Payment Agreements

- In July 2020, the Prime Minister of Canada announced the Safe Restart Agreement to help provinces and territories restart their economies and deal with future waves of COVID-19.
- To access this federal funding, on March 3, 2021, the Province provided operating and transit funding to municipalities of over \$2 billion through funding letters instead of transfer payment agreements.
- Although these letters contained the minimum terms and conditions needed to facilitate the flow of funding to municipalities, there were no formal transfer payment agreements to mitigate legal, accounting, recipient accountability and value-for-money risks associated with transfer payments.

RECOMMENDATION 2

Agreement on Consolidation of Children's Aid Societies

- Non-Indigenous Children's Aid Societies will be consolidated into the Public Accounts. (In 2020, federal legislation was passed limiting provincial control over Indigenous Children's Aid Societies so these will not be consolidated.)

RECOMMENDATION 3

Liabilities Likely Increasing for Sites with Contaminants of Emerging Significance

- Perfluoroalkyl and polyfluoroalkyl substances (PFAS) are a broad group of human-made chemicals that are contaminants of emerging concern.
- There is potential for PFAS contamination at several provincial sites.
- Ontario is currently studying PFAS but there are no current provincial environmental standards for PFAS (the federal government has issued guidelines for some PFAS).
- The environmental impacts associated with PFAS could significantly increase the province's valuation of contaminated sites liabilities once an environmental standard is established.

RECOMMENDATION 4

Contaminated Sites Liabilities not being updated regularly

- We recommended that ministries review contaminated sites annually to determine where new detailed environmental assessments need to be completed or where estimated liabilities need to be updated to reflect changes in cost estimates and other factors.
- We found several contaminated sites whose cost estimates were older than five years, were based on historical site condition data older than ten years and/or were based on projected remediation costs that were not updated to reflect increased costs of remediation.

RECOMMENDATION 5

Ontario Place Corporation Without a Board to Approved Draft Financial Statements

- Since November 2019, the Corporation has been without any board members. It's audited draft financial statements for 2019 and 2020 have not been approved and issued.
- In lieu of having a board, the responsibility for governance and oversight falls to the Ministry of Heritage, Sport, Tourism and Culture Industries.
- The timely appointment of board members is important for ensuring that the Corporation is well-governed and meets its mandate.

RECOMMENDATION 6

Ontario Small Business Support Grant Program Wrote off \$210 Million to Ineligible Recipients

- There were a number of control deficiencies - including initial no vetting of applicant-entered data used to determine program eligibility and lack of review of system generated entitlement assessments prior to payment - that led to payments of \$210 million to ineligible recipients.

Provincial Debt Burden Growing

- The province's growing debt burden remains a concern this year, as noted since 2011.
- This year, as in the past, we again focus on the critical implications of the growing debt for the province's finances.
- The province should provide legislators and the public with long-term targets for addressing Ontario's current and projected debt.
- For the year ended March 31, 2021, net-debt-to-GDP was 43.9% (39.6% - 2019/20). Compared to other provinces, Ontario has the highest net provincial debt in Canada.

RECOMMENDATION 7

Conclusion

- The government prepared its consolidated financial statements of the province in accordance with Canadian Public Sector Accounting Standards.
- The Auditor General concluded that the province's consolidated financial statements were fairly presented and free from material errors. As a result, the audit opinion on the province's consolidated financial statements for the fiscal year ended March 31, 2021 is unqualified.