



Provincial Comptrollership Framework 2021 Value-for-Money Audit

Why we did this audit

- The Office of the Comptroller General, which oversees the Provincial Comptrollership Division, was created in 2020 to provide province-wide direction and leadership in comptrollership and financial management policy.

Why it matters

- The Provincial Comptrollership Division reports to the Office of the Comptroller General and is responsible for the Province's financial and accounting-related operations, including the preparation of the Public Accounts of Ontario.
- The Office of the Comptroller General is also responsible for enterprise risk management and overseeing the Ontario Internal Audit Division's day-to-day operations, both of which can support the comptrollership function.

What we found

Ministry Certificate of Assurance Process Requires Improvement

- Ministries' processes are often not sufficient to support the Certificate of Assurance attestations through which ministries confirm their adherence to financial reporting requirements, legislation and directives, and internal controls.
- No requirement exists for ministries to address key weaknesses in financial reporting controls or inform the Provincial Comptrollership Division of instances of fraud in a timely manner.
- Ministries need to better assess the operating effectiveness of their internal controls.

RECOMMENDATION 1-3

More Involvement by Internal Audit Needed in Providing Assurance of Internal Controls

- The Ontario Internal Audit Division provides little assurance over the effectiveness of ministries' financial controls and the Certificate of Assurance process.
- The Enterprise Risk Management Office, established in 2020, has not yet developed a formal process to work with ministries to identify and manage risks.

RECOMMENDATION 4-6

No Formal Requirement for Ministries to Follow Controller Division Accounting Advice

- Ministries are not formally required to follow the Provincial Controller Division's accounting advice; and are not formally required to notify the Provincial Controller Division when the advice isn't followed.

RECOMMENDATION 7

Costs Incurred for External Accounting Work that Could be Performed Internally

- The Provincial Controller Division, ministries and agencies hired external consultants at a cost of \$2.1 million for the last three fiscal years (2018/19 - 2020/21) to research and implement new and existing accounting standards.

RECOMMENDATION 8

Standard Qualifications not Required for Ministry Finance Staff

- Ministry finance positions lack standardized education and experience requirements to efficiently address increasingly complex accounting standards.
- Ministry financial accounting positions often do not required a professional accounting designation.
- Ministries' accounting/finance staff are not require to take specific financial, accounting and fraud training courses and updates relevant to their positions.

RECOMMENDATION 9, 10

Comptrollership Strategy Needed For Clarity of Strategic Direction

- Finalization and broad communication of a Comptroller General's strategic plan is needed to assist with the organizational change that began in 2020.
- There is no process in place to annually assess the performance of the Office of the Provincial Comptroller.

RECOMMENDATION 11, 12

Conclusions

- The provincial cross-ministry controllership framework, including the leadership and oversight role of the Office of the Comptroller General, should be strengthened to more cost-effectively support coordinated internal accounting and financial decision-making, internal controls and public reporting. This would involve:
 - establishing functional reporting of the ministries' accounting and financial divisions to the Office of the Comptroller General;
 - re-assessing the accounting organizations' structure within ministries to identify key positions requiring formal CPA designations;
 - implementing annual cross-ministry standardized accounting updates; and
 - improving training in internal control, legislative compliance, certificate of assurance and fraud awareness.

Read the report at www.auditor.on.ca