



## Management of Health-Related COVID-19 Expenditures 2021 Special Report

### Why We Did This Audit

- Between March and June 2020, the province authorized over \$19 billion for COVID-19 initiatives. Twenty-six initiatives directed at managing the impact of the pandemic on the public's health accounted for over \$4.4 billion of this amount.
- The early stages of the COVID-19 pandemic required many government decision-making processes to be accelerated to provide sufficient and timely support to Ontarians.

### Why It Matters

- Given the challenges that Ontario faces as a result of the pandemic, it is important that provincial funding to address COVID-19 is used as intended, as efficiently and effectively as possible.
- Without appropriate authorizations, payment processes and oversight of health-related initiatives, their success may be jeopardized.

### What We Found

- About \$1.3 billion, or 30% of the over \$4.4 billion authorized was flowed by June 30, 2020 for the 26 health-related initiatives we reviewed. By December 31, 2020, the ministries reported that \$6.8 billion was authorized for these initiatives and almost \$4.4 billion, or 64%, was spent.
- Treasury Board/Management Board of Cabinet (TB/MBC) a Committee of Cabinet, did not always receive clear or timely information for decision-making. For seven of the initiatives – five Ministry of Health and two Ministry of Long-Term Care –the status report to TB/MBC was not provided by the required date. Further, when these two ministries did report back, they combined amounts spent and amounts committed for future spending, making it difficult for decision-makers to understand the actual progress of these initiatives.
- Five of the 26 initiatives lacked robust controls to prevent payments to ineligible recipients. For example, the ministries of Health, Long-Term Care, and Seniors and Accessibility relied on summaries reported by hospitals, long-term-care homes and retirement homes to flow pandemic pay funding. At the time of our work the ministries had no plans in place to verify whether the amounts reported were accurate or whether eligible front-line workers actually received this pay.
- Authorizations from TB/MBC were in place for all but two of the initiatives we audited. In one case, the Ministry of Health provided interest-free advances to physicians and other OHIP billers between May and July 2020 that were \$156 million in excess of the \$485.7 million authorized by TB/MBC. In the other initiative aimed at increasing hospital capacity and opening COVID-19 Assessment Centres, the Ministry of Health used \$7.1 million of funding for 2020/21 to cover prior-year expenses without receiving TB/MBC approval to do so.
- The Ministry of Health did not clearly define which incremental COVID-19 expenditures made by hospitals, Public Health Ontario and public health units would qualify for reimbursement or how incremental costs would be calculated. While \$441 million had been authorized in total for these initiatives in March 2020, no funds had been flowed by June 30, 2020.
- Public Health Ontario (PHO) did not receive its \$10 million deposit back from Spartan Bioscience Inc. after Health Canada rescinded its approval for their COVID-19 test kits in May 2020. PHO did not cancel the \$80 million sole-sourced agreement with Spartan to acquire the COVID-19 test kits until November 2020, and was still waiting for the deposit to be returned.
- In contrast, the Ministry of Health entered into a sole-sourced contract, as permitted in times of unforeseen urgency, for over \$1.2 billion to acquire 130 million N95 masks. The funds, which were put in escrow, were returned to the province after the supplier missed the delivery deadline and the province cancelled the contract.
- Eligibility criteria, such as the levels of oxygen and carbon dioxide in the blood, were waived for the Ministry of Health's in-home oxygen program. At the same time, the post-payment verification processes were paused, including ceasing to identify and recover overpayments made to oxygen vendors for deceased patients, and ceasing to verify vendors' proof of services to patients.

## **Conclusions**

- In the majority of instances, sufficient authorizations and proper approvals were in place for the initiatives audited.
- Seventeen of the 26 initiatives lacked strong processes to ensure and document the proper use of funds and/or their timely distribution. Three of the five ministries audited were responsible for these initiatives: 13 initiatives at the Ministry of Health, three at the Ministry of Long-Term Care and one at the Ministry for Seniors and Accessibility.
- Vague reporting practices by the ministries of Health and Long-Term Care may have left decision-makers with a lack of understanding about the status of initiatives, such as the timing of health-care pandemic pay, OHIP advances in excess of authorized amounts and Public Health Ontario's reallocation of funds to pay for COVID-19 expenses.

Read the report at [www.auditor.on.ca](http://www.auditor.on.ca)