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EXECUTIVE SUMMARY

Introduction

The provision of ambulance services in Ontario is governed by the Ambulance Act (Act). Under the Act, the Ministry of Health and Long-Term Care (MOHLTC or Ministry) is required to ensure the existence throughout Ontario of a balanced and integrated system of ambulance services and communications services used in dispatching ambulances.

As the MOHLTC transformed into a stewardship role, it sought opportunities to focus on its core business/strategic management rather than direct service delivery, while ensuring an integrated and publicly funded health care system.

The MOHLTC’s transformation supported the consolidation, in January 2006, of all air ambulance services under the Ontario Air Ambulance Services Co., a not-for-profit organization. Ontario Air Ambulance Services Co. re-branded later in 2006 to become Ornge. As a result of the January 2006 consolidation, all operational functions of the air ambulance program that were provided by the MOHLTC and through the Ontario Air Ambulance Base Hospital Program were consolidated under Ornge.

Ornge is accountable to the Ontario Government through a performance agreement (PA). A new amended PA was ratified by the Ontario Government and Ornge in March 2012. The Air Ambulance Program Oversight Branch (AAPOB) of the Direct Services Division, MOHLTC, is responsible for overseeing Ornge.

The MOHLTC Audit Committee approved this audit of Ornge as part of the approved MOHLTC 2012/13 and 2013/14 Internal Audit Plans.

The objectives of this engagement were:

1. to assess Ornge’s compliance with Article 11.3 of the PA Governance,

2. to assess whether the processes for preparing selected reports provided by Ornge to the Ministry per Article 17.1(a) and (b) of the PA are designed to ensure their completeness and accuracy, and

3. to assess Ornge’s compliance with the Broader Public Sector Procurement Directive, (BPS Procurement Directive), BPS Perquisites Directive, and BPS Expenses Directive as required per Article 11.5 (a) of the PA.

The scope of this audit focused on the period from April 1, 2012 to January 31, 2013 for objectives 1 and 3 and April 1, 2012 to April 30, 2013 for objective 2.
Conclusion

Based on the results of our audit, we conclude the following.

**Objective 1:**

♦ Ornge has elements of the required governance and accountability mechanisms in place, however, is not fully compliant with Article 11.3 of the PA Governance as Board governance and accountability framework/mechanisms need to be strengthened as follows.
  
  • A strategic plan needs to be developed.
  • A process for providing continuous education to Board members should be developed.
  • New Board members should complete Ornge Conflict of Interest Policy Declaration Forms (Declaration Forms) as soon as they join Ornge and Board members should be asked to declare conflicts of interest at all Board and Board committee meetings and this should be documented in the meeting minutes.
  • The number of Board committee meetings held per year should be in accordance with the requirements of the committee charters.
  • Board and Board committee meeting minutes should be approved in the subsequent meeting.
  • Notice of the time and place of each meeting of directors should be given to each director 48 hours before the meeting and complete meeting materials should be distributed well in advance of meetings.
  • The Board should document the self-assessments of the Board as a whole and the assessments of individual Board members and improvement plans based on the assessments should be developed as required.
  • The Board should document in Board Meeting minutes their approval relating to the hiring and compensation of officers.
  • An enterprise risk management process should be fully developed and implemented, including regular reporting on enterprise risks to the Board.
  • Ornge’s By-Laws should stipulate the number of directors required on the Board and how directors are to be nominated and elected.
  • Significant policies should be approved by the Board.

**Objective 2:**

♦ Ornge’s processes for preparing the following selected reports provided to the Ministry per Article 17.1(a) and (b) of the PA, are not consistently designed to ensure their completeness and accuracy.
  • Reaction/Response Times
  • Call Volumes
  • Staffing Report
  • Daily Availability Report and 10 Day Roll-Up
  • Complaints and Investigations
The following observations were noted related to the completeness and accuracy of the reports.

- Ornge used Customer Relationship Management (CRM) and Q-Pulse applications to track complaints, incidents and investigations originating from internal and external stakeholders. As there was no integrated automated reporting process in place, reports were manually prepared using Excel spreadsheets, potentially reducing the reliability of the information provided by Ornge to the Ministry.
- There was no automated connection between the phone system and the Optimas application to record the time scene calls were received, therefore they were manually recorded, resulting in reaction/response times that cannot be independently validated being provided to the Ministry.
- Call volumes information in Urgency, Acuity and Level of Care Reports relating to the number of medics attending service calls was inaccurate. In addition, pending call requests were not included in Call Request Transport Priority and Not Serviced Reports resulting in data inconsistencies within the reports.
- The Daily Availability spreadsheet did not capture more than one instance of a pilot, medic or aircraft being unavailable during the same shift at any given base, therefore manual adjustments were made to the data included in the spreadsheet which may impact the accuracy and completeness of the information.
- The number of complaints and investigations reported to the Ministry in the November 2012 complaints and investigations spreadsheet were inaccurate (by one) as they did not match the number of incidents recorded in the Q-Pulse application.
- There was no process in place to monitor the activities of IT support vendors. In addition, vendor access privileges to production servers and the Quality Management (QM) database were not disabled once the vendors completed their activities.
- The production environment was used by an IT support vendor to test changes to the CRM application, affecting the integrity of the information and therefore the reliability of complaints and investigation spreadsheets provided to the Ministry.
- Multiple types of forms with different fields were being used to record IT changes resulting in the inconsistent logging of the IT changes. In addition, there were instances of managerial authorization of incomplete IT change request forms.
- Ornge has not identified positions accountable for invoking the IT Disaster Recovery plan, and has not conducted a full IT Disaster Recovery test.

**Objective 3:**

- Ornge did not comply with certain requirements of the BPS Procurement Directive. Based on our sample of five non-consulting procurement files and six consulting procurement files, instances of non-compliance included the following. Refer to Appendix C for a summary of the audit sample.
  - Procurement values were not established for eight procurements.
• The Sole/Single-Source Request to Waive the Competitive Process form was not appropriately approved for all six consulting procurement files and one non-consulting procurement file.

• There was a lack of appropriate documentation to support the justification of the benefits of waiving the competitive process for all six consulting procurement files.

• A contract extension was executed without completing another Sole/Single-Source Request to Waive the Competitive Process form for three consulting procurements files.

• Two vendor submissions were accepted for evaluation after the bid closing time for one procurement file.

• There was no evidence of evaluator declarations for conflict-of-interest and non-disclosure of confidential information for two procurement files.

• Contracts with the successful vendors valued between $100K and $750K were not signed in accordance with Ornge’s signing authority matrix for eight procurement files.

• A contract was awarded to a vendor that was given preferential treatment for one procurement file.

• There was no evidence that vendor performance was monitored and managed throughout the term of the contract for six procurement files.

• A contract dispute resolution clause was not included in the contract between Ornge and the vendor for eight procurement files.

• Vendor conflict of interest declarations were not included in nine procurement files.

♦ Ornge did not comply with certain requirements of the BPS Expenses Directive. Based on our review of a sample of 77 expense forms, five corporate credit card statements, 33 vendor invoices, nine SA Carrier invoices and four contractor invoices, instances of non-compliance included the following.

• A lack of original itemized receipts in 17 instances.

• A lack of appropriate approval of expenses in five instances.

• Reimbursement of expenses that exceeded the maximum meal rates in 9 instances.

• Untimely submission of expense claims in 32 instances.

• Hospitality expense claims did not include a brief explanation of the circumstances and a complete list of attendees in two instances.

♦ Ornge complied with the BPS Perquisites Directive based on our review of a sample of expenses.
Overall Ornge Management Response

Ornge appreciates the work of the OIAD Health Audit Service Team (HAST) and its insights into how the organization can improve vis-à-vis our performance agreement with the government and applicable government directives.

Ornge provides high quality air ambulance service and critical care land transport services to patients who are ill or injured. We operate 24 hours a day, seven days a week, and transport approximately 18,000 patients per year.

In 2011, Ornge became mired in controversy. Legitimate questions were asked about accountability, oversight and performance. In 2012, an entirely new volunteer Board of Directors and interim leadership team were brought in to address numerous and significant issues. Over the past year, following a thorough search process, a new chief executive officer and other senior officers were hired.

We are committed to rebuilding an air ambulance service that is a model for safety, responsiveness, accountability, transparency and integrity. We are proud of what we have accomplished but we have a long way to go. We welcome HAST’s contribution to the important rebuilding work underway.

We are pleased to report that considerable progress has been made since the period of time covered by the audit. Overall, the implementation of 39 of HAST’s 48 recommendations is already complete and the implementation of nine more is underway and will be completed during 2014. We are in the process of implementing the remaining few recommendations to the best of our ability on our own and will work in partnership with the Ministry to assess the funding and/or regulatory changes required for full implementation.
Conformance with Institute of Internal Auditors’ Standards

This engagement has been conducted in conformance with the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*.

This engagement includes an issues follow-up process. Engagement findings identified in this final report will be followed-up for resolution and closure, within one calendar year after issuance of the final report or as directed by the MOHLTC Audit Committee. Thereafter, outstanding issues will be followed-up based on target dates provided by management.

We would like to take this opportunity to thank the management and staff of Ornge for their co-operation during this engagement.

**Original signed by**

Charles Meehan, CMA  
Director, Health Audit Service Team
1.0 GOVERNANCE

1.1 Strategic Plan

A strategic plan clearly defines the purpose of an organization and establishes goals and objectives consistent with the mission in a defined time frame within the organization’s capacity for implementation.

A strategic plan was not developed for Ornge for the 2012/13 fiscal year. In the summer of 2012, Ornge’s Board and management commenced a strategic planning process however this process was put on hold when the new CEO was being recruited. The new CEO joined Ornge in January 2013. Per the Board Chair, a strategic plan was expected to be developed by the summer of 2013.

Subsequent to the audit, Ornge informed OIAD that the strategic planning process was delayed due to unexpected operational events which occurred in May 2013 and the process is expected to reconvene in September 2013.

Risk

Without a strategic plan the Board may lack direction, impacting Ornge’s ability to achieve goals and objectives consistent with its mission. In addition the lack of a strategic plan impairs Ornge’s staff’s ability to align themselves with common goals and does not provide a framework for achieving desired outcomes.

Recommendation

The OIAD recommends that Ornge develop a strategic plan.

Management Response and Action Plan

A strategic plan has been developed, involving both internal and external stakeholder consultations.

Implementation Date/Position Responsible

Implemented
1.2 Board Orientation and Continuous Education

Board orientation is an important process to provide new Board members the information they need in order to be able to serve effectively on the Board. In addition, continuous education is an important process for developing and maintaining a strong Board.

Ornge’s Board members were not provided orientation packages upon joining Ornge in January 2012. Per Ornge’s Board Chair, an orientation package, dated 2013, was prepared for the new CEO who joined Ornge in January 2013 and was shared with Board members at that time. We interviewed two Board directors who stated that they received orientation type materials from Ornge when they became members of the Ornge Board, however a formal comprehensive orientation package was not provided at that time.

In addition, Ornge did not have a process for providing continuous education to Ornge’s Board members.

Risk

The lack of a formal comprehensive orientation package for new Board members increases the risk that Board members may not obtain all of the information they need in order to be able to serve effectively on the Board.

Not providing continuous education to Board members may impact their ability to maintain the skills and knowledge they need in order to effectively perform their responsibilities.

Recommendation

The OIAD recommends that a formal comprehensive orientation package be provided to new Board members. In addition, Ornge should develop a process for providing continuous education to Board members.

Management Response and Action Plan

Ornge has created a Board orientation package that includes corporate by-laws, board policies, a functional description of Ornge, and various other materials about Ornge's function and structure.

The Board orientation package has been supplemented by ongoing educational sessions on a range of legal and operational topics, tours through Ornge operational facilities, and meetings with healthcare community leaders.

Implementation Date/Position Responsible

Implemented
1.3 Conflict of Interest Declarations

Per Ornge’s Conflict of Interest Policy, Board members are required to complete annual Declaration Forms declaring that they have read Ornge’s Conflict of Interest Policy and acknowledge that they are bound by it. In addition, Board members are asked to declare any conflicts of interest during Board and Board committee meetings.

While Declaration Forms were completed by Ornge’s Board members, they were not completed in a timely manner. Ornge’s Board members were appointed in January 2012, however Declaration Forms were signed by 6 Board members in August 2012 and by one Board member in Sept 2012.

In addition, per our review of the minutes of all Board and Board Committee meetings held from April 1, 2012 to January 31, 2013 we noted that members were asked to declare any conflicts of interest in all meetings except for the April 26, 2012 Board meeting. During the April 26, 2012 meeting a resolution was carried directing management to engage Ernst and Young for the purpose of annual financial audits. Per our review of the agenda for the April 26, 2012 meeting, we noted that conflict of interest declarations were included as an agenda item. Per the Interim CAO/General Counsel, Board members were asked to declare conflicts of interest during the April 26, 2013 Board meeting however this was not documented in the minutes in error.

Risk

Not having Board members complete Declaration Forms in a timely manner and not documenting in Board meeting minutes that Board members were asked to declare conflicts of interest may not withstand the test of public scrutiny as it may be perceived that Board decisions were negatively impacted as a result of conflicts of interest not being eliminated.

Recommendation

The OIAD recommends that new Board members complete Declaration Forms as soon as they join Ornge. In addition, Board members should be asked to declare any conflicts of interest at all Board and Board committee meetings and this should be documented as part of the minutes of the meetings.

Management Response and Action Plan

All current Board members have completed Declaration Forms and are asked to declare any conflicts of interest at all Board and Board committee meetings. New Board members will be asked to complete Declaration Forms as soon as they join Ornge.

Implementation Date/Position Responsible

Implemented
1.4 **Board and Board Committee Meetings**

Per our review of the minutes of all Board and Board committee meetings held from April 1, 2012 to January 31, 2013, we noted the following exceptions.

♦ One Director who was a member of the Human Resources and Compensation Committee did not attend 3 of the 4 meetings held by the Committee. Per our review of the Committee meeting minutes, there is no evidence that any action was taken to address the absenteeism. Ornge does not have a policy in place specifying director’s attendance requirements at Board and Board committee meetings.

♦ Per the Quality of Care Committee Charter dated March 28, 2012, the Committee is required to meet at least 6 times per year. This requirement was not met for the period from April 1, 2012 to March 31, 2013. The Committee met 3 times during the period from April 1, 2012 to January 31, 2013 and one time in March 2013.

♦ Board and Board committee meeting minutes were not always approved by members in the subsequent meeting as follows.
  * Out of 8 Board meeting minutes reviewed, 4 meeting minutes were not approved in the subsequent meeting.
  * Out of 5 Audit and Finance Committee meeting minutes reviewed, minutes of one meeting was not approved in the subsequent meeting.
  * Out of 4 Operations Committee meeting minutes reviewed, two meeting minutes were not approved in the subsequent meeting.

♦ Per section 3.8 of Ornge’s By-Law, notice of the time and place of each meeting of directors is to be given to each director 48 hours before the meeting. Per our review of Board and Board committee meeting notices, we noted the following.
  * Out of 8 Board meetings, notices for 2 meetings were provided to directors on the same day as the meetings.
  * Out of 4 Human Resources and Compensation Committee meetings, a notice for one of the meetings was provided on the same day as the meeting.
  * Out of 5 Finance and Audit Committee meetings, a notice for one of the meetings was provided on the same day as the meeting.

**Risk**

Not having a policy outlining expectations for Board members’ attendance and holding less Board committee meetings than is required per the committee charters may impair the effectiveness of the Board.

If Board and Board committee meeting minutes are not approved in the subsequent meeting, decisions made by Board members at the meeting may be executed prior to being confirmed for accuracy.
If Board directors are not given sufficient notice of Board and Board committee meetings this may affect their ability to attend or to properly prepare for the meetings thereby negatively impacting the effectiveness and efficiency of the meetings.

**Recommendation**

The OIAD recommends the following.

♦ Ornge should develop and implement an attendance policy for Board members.
♦ The number of Board committee meetings held per year should be in accordance with the requirements of the committee charters.
♦ Board and Board committee meeting minutes should be approved in the subsequent meeting.
♦ Notice of the time and place of each meeting of directors should be given to each director 48 hours before the meeting.

**Management Response and Action Plan**

Regarding the first recommendation sub-point, a Board attendance policy has been developed. Procedures have been developed to ensure that the remaining sub-points are diligently followed.

**Implementation Date/Position Responsible**

Implemented
1.5 Board and Board Committee Meeting Materials

In order to provide Board and Board committee members sufficient time to prepare for meetings, it is best practice to send out meeting materials well in advance of meetings.

Based on our review of when meeting materials were distributed to Board and Board committee members for all meetings held during the period from April 1, 2012 to January 31, 2013, we noted that materials were not provided well in advance of meetings as follows.

♦ Out of 8 Board meetings, meeting materials for 1 meeting were provided to Board members on the day of the meeting, meeting materials for 2 meetings were provided the day before the meeting, and for 1 meeting materials were provided well in advance of the meeting however they were incomplete.
♦ Out of 4 Operations Committee meetings, for 1 meeting some materials were provided the day before the meeting and the remaining materials were provided the day of the meeting.
♦ Out of 4 Human Resources and Compensation Committee meetings, materials for 2 meetings were provided well in advance of the meetings however they were incomplete.
♦ Out of 5 Finance and Audit Committee meetings, materials for 2 meetings were provided well in advance of the meetings however they were incomplete.

Risk

Not distributing all required meeting materials to Board and Board committee members well in advance of a meeting may affect their ability to properly prepare for the meeting and may negatively impact the effectiveness and efficiency of the meeting.

Recommendation

The OIAD recommends that complete meeting materials be distributed to Board and Board committee members well in advance of meetings.

Management Response and Action Plan

Meeting materials are now distributed well in advance of scheduled Board meetings and are complete except for new information that sometimes becomes available just before the meeting. On the rare occasion when an urgent, unscheduled Board meeting is required, care will be taken to distribute materials as early beforehand as possible.

Implementation Date/Position Responsible

Implemented
1.6 Board Self-Assessment

In order to be able to continuously improve their performance it is important for Boards to conduct regular self-assessments of the Board as a whole as well as individual members and to develop improvement plans based on the assessments.

Ornge’s Board directors joined Ornge in January 2012. Per the Board Chair, he held discussions with individual Board members regarding the performance of the Board and Board Committees during the period of December 2012 to February 2013. There was no documentation of the evaluations conducted by the Board Chair, however the Chair indicated that he reported to the Board at the March 27, 2013 meeting that the evaluations had been completed.

Risk

Not documenting the self-assessments of the Board as a whole and the assessments of individual Board members may affect the Board’s ability to continuously improve its performance as improvement plans based on the assessments are not documented and monitored.

Recommendation

The OIAD recommends that the self-assessments of the Board as a whole and the assessments of individual Board members be documented and that improvement plans based on the assessments be developed as required.

Management Response and Action Plan

Implementation of this recommendation is underway and will be completed by March 2014.

Implementation Date/Position Responsible

March 2014 / Board Chair supported by General Counsel
1.7 Documentation of Board Decisions

Board approval should be obtained before making key organizational decisions such as hiring officers and setting their compensation. Such approvals should be documented in Board meeting minutes.

In December 2012 a new CEO was appointed for Ornge. Per our review of Board meeting minutes and Human Resources and Compensation Committee minutes for the period from April 1, 2012 to January 31, 2013, we did not find any resolutions relating to the hiring and compensation of the new CEO. Per the Board Chair, a decision to appoint the new CEO was made at the in-camera session of the Board meeting, but the formal resolution indicating the approval of this Board decision was not documented at the time.

Risk

The lack of documentation of the Board’s approval relating to the hiring of an officer and their compensation weakens the accountability framework and may not withstand the test of public scrutiny.

Recommendation

The OIAD recommends that the Ornge Board document in Board Meeting minutes their approval relating to the hiring and compensation of officers.

Management Response and Action Plan

This finding reflects an instance in which a major decision was made by the Board in camera that was not formally documented by the Corporate Secretary. That decision has since been formally documented.

We are taking care to ensure that, when the Board or a Board committee meets in camera to discuss hiring, compensation or other matters, the Secretary is made aware of decisions and documents them.

Implementation Date/Position Responsible

Implemented

Additional note: In December 2013, the Board adopted a formal policy to enshrine the practice of communicating and documenting in camera decisions.
1.8 Enterprise Risk Management

Risk management is the process of identifying, assessing, and prioritizing risks and taking appropriate action to minimize, monitor, and control the probability and/or impact of adverse events or to maximize the realization of opportunities. Per Article 11.3 Governance of the PA, Ornge shall maintain procedures to enable the identification of risks in connection with the provision of the services and strategies to address the identified risks.

During the period from April 1, 2012 to January 31, 2013, Ornge did not have a fully developed enterprise risk management process in place and there was no reporting on enterprise risks to the Board. Per discussions with Ornge’s management there is an aviation risk management process in place at Ornge.

Per the Acting VP of Finance, subsequent to receiving the risk management portfolio in the Fall of 2012, he created a risk management committee which included members of management from different departments such as Aviation, Operations, IT and Finance. This committee developed a draft risk management policy, identified organizational risks and scored and plotted them on a risk heat map. On December 4, 2012 the Acting VP of Finance presented to the Finance and Audit Committee an overview of a risk management process. As a next step, the Acting VP of Finance plans to present a risk heat map outlining Ornge’s risks to the Finance & Audit committee.

Risk

The lack of a fully developed enterprise risk management process including reporting on enterprise risks to the Board weakens the Board’s and management’s ability to proactively respond to emerging issues and potential threats.

Recommendation

The OIAD recommends that Ornge fully develop and implement an enterprise risk management process including regular reporting on enterprise risks to the Board.

Management Response and Action Plan

Ornge agrees that proactive enterprise risk management is an important component of effectively responding to emerging issues and managing known ones, and we have made good strides in this regard over the past year. Heat maps have been created. Risks facing the organization and associated mitigation plans are reviewed bi-weekly by a cross-functional Risk Advisory Committee.

Our enterprise risk management workplan is well developed and implementation of it is expected by March 2014. To ensure we do so to a high standard, external risk management experts have been retained to assist with implementation and to formally assess our progress in early 2014.
Implementation Date/Position Responsible

March 2014 / Chief Financial Officer
1.9 By-Laws

By-Laws are the ruling documents of an organization and are critical in providing guidance to the Board. As a best practice, By-Laws should stipulate the number of directors of the organization as well as the process for the nomination and election of directors. Per our review of Ornge’s By-Laws we noted the following.

♦ The number of Board directors required was not stipulated.
♦ There are no provisions detailing how directors are to be nominated and elected.

Risk

Not stipulating in the By-Laws the number of Board directors required and how directors are to be nominated may negatively impact Ornge’s governance structure and the effectiveness of the Board.

Recommendation

The OIAD recommends that Ornge’s By-Laws stipulate the number of Board directors required how directors are to be nominated and elected.

Management Response and Action Plan

Ornge has historically operated, as many companies do, pursuant to the statutory standards in the Canada Corporations Act. However, we accept this recommendation and have initiated discussions with the Ministry as to how best to implement it.

Implementation Date/Position Responsible

We undertake to work with the Ministry and implement any decisions resulting by March 2014 / Corporate Secretary.
1.10 Board Approval of Significant Policies

As a better practice, the formal approval of significant organizational policies is one of the ways that the Board can provide leadership and influence over Ornge.

Ornge provided a listing of Ornge’s policies which included 16 finance policies approved by the VP of Finance, a procurement policy approved by the Executive Director of Procurement and 51 Human Resources policies approved by the VP of Human Resources.

Per our review of the April 1, 2012 to January 31, 2013 Board meeting minutes, we noted that the Board approved the Signing Authority Matrix. However other Finance and Human Resources policies which were approved by Ornge management during the period from February 2012 to February 2013 that are significant including Procurement, Travel and Expense, Conflict of Interest, Compensation System, Performance Pay and Code of Conduct were not approved by the Board.

Risk

Lack of Board approval of significant policies weakens the governance framework.

Recommendation

The OIAD recommends that as a better practice, the Board approve significant policies.

Management Response and Action Plan

Ornge will ensure that significant policies are taken to the Board for approval.

Implementation Date/Position Responsible

Already implemented on a go-forward basis.

In addition, a process for Board approval of significant policies that have not already been approved was considered by the Board at its December 2013 meeting.
2.0 REPORTING TO MINISTRY

2.1. Multiple Systems and Manual Processes

Reliable integrated systems increase efficiency and reduce the possibility of errors arising from manual processes. Integrated automated systems have the ability to process large volumes of information efficiently with less likelihood of human and other errors. Reports generated from automated systems are likely to be more reliable than manually prepared reports.

Ornge uses CRM and Q-Pulse applications to track complaints, incidents and investigations originating from internal and external stakeholders. Due to the absence of a system interface between the CRM and Q-Pulse applications, feedback received in the CRM application is manually input into the Q-Pulse application. Information is then manually input into Excel spreadsheets and reported to the Ministry.

In addition, the Staffing Report, the Daily Availability Report and the Complaints and Investigations Report are manually prepared using Excel spreadsheets.

Risk

The lack of an integrated automated reporting process and the manual preparation of reports using Excel spreadsheets potentially reduces the reliability of the information provided by Ornge to support Ministry decision making.

Recommendation

The OIAD recommends that Ornge consider enhancing the reporting process to use a single application with appropriate functionality to track and report on investigations, complaints and incidents from internal and external sources. Ornge should also consider automating the Staffing and Daily Availability Reports.

Management Response and Action Plan

The current situation will improve during 2014 as a result of important enhancements underway to our Computer Aided Dispatch, data warehouse and human resource systems. Full implementation of the recommendation would require significant upgrades to and the integration of multiple different systems. We will discuss options for effecting these upgrades, and the funding required, with the Ministry.

Implementation Date/Position Responsible

2.2 **Recording of Scene Call Reaction/Response Times**

Reaction/response times is a criteria specified in the PA for Ornge to ensure that all calls are responded to within specified timeframes. Schedule E of the PA specifies that a caller will be advised within ten minutes of Ornge receiving a scene call on the ability to dispatch an aircraft. Reaction/Response times are required to be reported to the Ministry on a monthly basis as specified in Schedule A of the PA.

Ornge uses the Optimas application to record both scene calls\(^1\) and inter-facility calls\(^2\) received. All scene calls are received by telephone. There is no automated connection between the phone system and the Optimas application to record the time a scene call is received. Operational Control Centre staff manually record the time each scene call is received.

**Risk**

Manual recording of scene calls results in reaction/response times that cannot be independently validated and does not allow the Ministry to determine whether Ornge responds to calls within the timeframes specified within the PA.

**Recommendation**

The OIAD recommends that Ornge implement a reliable automated system to track and report scene call reaction/response times.

**Management Response and Action Plan**

The current situation will improve during 2014 as a result of important enhancements underway to our Computer Aided Dispatch system, including automated computer-telephone data integration.

**Implementation Date/Position Responsible**

November 2014 / Chief Operating Officer

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\(^1\) Scene Calls: Calls received by Ornge to provide air ambulance services to specific locations.

\(^2\) Inter-facility calls: Calls received for Ornge to transport a patient from one facility to another, recorded automatically into Optimas.
2.3 Call Volumes Reporting

The number of medics required to service a call is outlined in the Ambulance Act and Ambulance Services Patient Care and Transportation Services Standard, and is also a requirement of the PA. Ornge uses the Optimas application to record all call dispatch and call handling activities including medics assigned to calls.

When the Operations Control Centre receives a call, the receiver inputs the required information in the Optimas application. The information reported in the monthly Urgency, Acuity and Level of Care Report is derived from the Optimas application.

2.3(a) Urgency, Acuity and Level of Care Report

The OIAD reviewed the monthly Urgency, Acuity and Level of Care Report for the months of March and April 2013 and noted that several service calls were reported as having no medics or only one medic on board the aircrafts. Ornge’s Performance Information Management Group provided the OIAD supporting evidence from patient care records and/or trip summary forms prepared by medics for each patient transported, confirming that in fact two or more medics had attended the service calls. Therefore, the information relating to the number of medics attending service calls reported from the Optimas application was inaccurate.

Further review of the Optimas application indicated that the following conditions contributed to the inaccuracies in the reports.

- Medic related input fields were not classified as mandatory, therefore the fields could be left blank.
- Medic information was allowed to be entered in the freeform text fields, therefore information could be improperly input.
- The quality review of call records was performed after the records were locked, therefore any required corrections or additions could not be made.

Ornge management advised the OIAD that there is a plan in place to replace the Optimas application in order to address the above issues.

Risk

The inaccuracy of the Urgency, Acuity and Level of Care Report results in the inaccurate measurement of the level of care.
Recommendation

The OIAD recommends that Ornge implement an interim quality review process to validate that all fields within the Urgency, Acuity and Level of Care Report are completed before closing the record for each service. In addition, a management review process should be implemented to ensure that accurate information is reported to the Ministry.

2.3(b) Call Request Transport Priority and Not Serviced Report

The Optimas application generates the Call Request Transport Priority and Not Serviced Report which provides an overall statistical view of calls received and serviced. We reviewed the Call Request Transport Priority and Not Serviced Report for the month of January 2013 and noted that the totals within the EMER column of the Report were inconsistent as follows.

<table>
<thead>
<tr>
<th>Report Totals (EMER Column)</th>
<th>Call Requests Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total call requests not serviced</td>
<td>462</td>
</tr>
<tr>
<td>On scene call requests not serviced</td>
<td>(315)</td>
</tr>
<tr>
<td>Inter-facility call requests not serviced</td>
<td>(141)</td>
</tr>
<tr>
<td>Difference</td>
<td>6</td>
</tr>
</tbody>
</table>

Ornge management advised the OIAD that the differences in the number of call requests not serviced in the January 2013 Report occurred because call requests were reported as the number of requests initiated in the given month. At the end of each reporting period, there are some requests that remain pending because they are not yet serviced and pending requests are not included until they are closed.

Risk

Not including all call requests in the Call Request Transport Priority and Not Serviced Report results in inaccurate reporting.

Recommendation

The OIAD recommends that all call requests initiated in the reporting month be included in the Call Request Transport Priority and Not Serviced Report.
Management Response and Action Plan

2.3(a) Urgency, Acuity and Level of Care Report

We are in the process of implementing both an interim quality review process and a regular management review process. In addition, the implementation of a new Computer Aided Dispatch system during 2014 will eliminate some of the underlying data entry anomalies and simplify quality monitoring.

2.3(b) Call Request Transport Priority and Not Serviced Report

The report differences observed are due to call requests pending over period ends, an inherent result of our 24/7 operation. We have modified our month end process and now confirm there are no material period end differences.

Implementation Date/Position Responsible

2.3(a) November 2014 / Chief Financial Officer
2.3(b) Implemented
2.4 Daily Availability Spreadsheet

The Daily Availability spreadsheet records services provided by Ornge under three categories, pilots, medics and aircraft, as required by the PA. Downtime (unavailability) information is provided to shift managers by field operations personnel and is then forwarded to the Scheduling Department to be incorporated into the Daily Availability spreadsheet.

The OIAD reviewed the process used to complete the Daily Availability spreadsheet, and found that the design of the spreadsheet did not allow data to be displayed for more than one occurrence of unavailability in a particular category during the same shift at any given base. Therefore, if more than one pilot, medic, or aircraft was unavailable during a particular shift at a base, the summary spreadsheet would only allow one occurrence to be recorded, although the spreadsheet details do include all categories. Scheduling personnel perform a manual decision to identify the most critical contribution factor and record this factor in the summary of in the Daily Availability spreadsheet.

**Risk**

Using a manual system to identify the key factor of unavailability in the Daily Availability spreadsheet may result in errors which may impact the accuracy and completeness of information reported to the Ministry.

**Recommendation**

The OIAD recommends that Ornge modify the design of the Daily Availability spreadsheet to allow all instances of unavailability to be displayed.

**Management Response and Action Plan**

The Daily Availability spreadsheet has been modified and now reports all instances of unavailability.

**Implementation Date/Position Responsible**

Implemented
2.5 Complaints and Investigations Spreadsheet

The PA states that Ornge is required to track complaints and investigations and report them to the Ministry. Ornge receives complaints and feedback from internal and external sources that are tracked by the Q-Pulse application. The Q-Pulse application’s search feature is used to obtain a monthly record of complaints and incidents based on specific search criteria. The aggregate total number of incidents are then manually counted and entered into an Excel spreadsheet and forwarded to the Ministry. Complaints tracked by the Q-Pulse application may result in internal investigations by Ornge.

Per our review of the November 2012 complaints and investigations spreadsheet, we noted that the total number of incidents reported to the Ministry (42) did not match the number of incidents recorded in the Q-Pulse application (41). Ornge confirmed that this was a manual recording error.

Risk

The manual preparation of the complaints and investigations spreadsheet reduces the reliability of the information provided by Ornge to support Ministry decision making.

Recommendation

The OIAD recommends that Ornge automate the reporting process to avoid manual steps, or implement a secondary review prior to submitting any reports.

Management Response and Action Plan

We have implemented a two-part secondary review prior to submitting the complaints and investigations report to the Ministry: a peer review by Investigations Department personnel checks for discrepancies in the aggregate incident count and the report is reconciled to Q-Pulse data.

Implementation Date/Position Responsible

Implemented
2.6 Vendor Access Privileges

Information protection is achieved by restricting systems administrators’ access to systems and databases, allowing them to only perform authorised tasks.

Ornge provides IT support vendors, system administrator access to Ornge’s production servers and QM databases in order for the vendors to resolve problems. The OIAD found that there was no process in place to monitor vendor activities. In addition, vendor access privileges to production servers and QM databases are not disabled once the vendors complete their activities.

Risk

Not monitoring IT support vendor activities could result in unauthorized changes to Ornge’s production servers and QM databases and may lead to the misuse of information by the vendors.

Recommendation

The OIAD recommends that Ornge implement a process to monitor IT support vendor activities and disable vendor access once it is no longer required.

Management Response and Action Plan

We now monitor IT support vendor activities, including disabling vendor access once it is no longer required and reviewing vendor access quarterly.

Implementation Date/Position Responsible

Implemented
2.7 Usage of CRM Application Production Environment for Testing

Section 3.1.7 of the Government of Ontario – Information Technology Standards 25.0 requires that development and testing activities be separated from production operations.

Ornge utilizes a webpage link as one of the communication channels to collect external feedback including complaints, compliments or enquiries on Ornge’s services from patients, patients’ family members and other Ontarians. The receipt of online feedback triggers an e-mail alert to five designated Ornge personnel for action. In addition, an automated interface application generates a record within the CRM application. Information from the CRM application is manually input into the Q-Pulse application from which information is used to manually prepare the complaints and investigations spreadsheet.

The OIAD obtained a list of records from the CRM application for November 2012 to January 2013. Our review noted that 16 out of 66 records were labeled as test records. In addition, the OIAD confirmed with Ornge that no testing facility was available for the CRM application, therefore the IT support vendor uses the production environment to test various changes including system vulnerability exercises.

Risk

The lack of a separate environment to test changes or updates to the CRM application affects the integrity of the information in the production environment and the reliability of the complaints and investigations spreadsheet provided to the Ministry.

Recommendation

The OIAD recommends that Ornge separate the production and testing environments for the CRM application.

Management Response and Action Plan

We are in the process of upgrading our testing infrastructure and will review incorporating the CRM application into the new environment once operational.

Implementation Date/Position Responsible

March 2014 / Chief Financial Officer
2.8 IT Change Management

A formal IT change management process helps ensure that changes to IT systems or infrastructure do not negatively impact the stability of IT systems, operations, infrastructure, or the integrity of information.

The OIAD reviewed the change management process within Ornge’s IT operations and noted the existence of change request forms, change activity logs and the authorization of changes prior to their implementation. However, we also noted the following deficiencies.

♦ Multiple types of forms with different fields were being used to record changes, including Information Services Software Requests Remedy Tickets and Addendums forms leading to inconsistent logging of changes.
♦ Some change request forms were approved by management without the completion of key fields such as Implementation Plan, Rollback Plan, Test Plan, and Communication Plan.

Risk

Inconsistent logging of changes and managerial authorization for IT changes that are based on incomplete information may impact the integrity of the information reported to the Ministry.

Recommendation

The OIAD recommends that Ornge enhance the change management process through the design and implementation of standard forms to record changes and ensure key fields are completed before change request forms are approved by management.

Management Response and Action Plan

Improvements to our IT change management process began during the summer of 2013 with the implementation of an electronic system to record and control application changes. The project, which will consolidate and standardize several different paper-based change forms, is currently partially implemented and will be fully implemented by March 2014.

Implementation Date/Position Responsible

March 2014 / Chief Financial Officer
2.9 Disaster Recovery Plan

An effective DR plan addresses the recovery of critical IT systems in the event of a major IT service interruption and identifies the accountability for invoking and managing the plan. DR procedures include details of offsite data backup, storage, retrieval and restoration.

Ornge has outsourced its IT DR services for the Optimas application which is used to record all call dispatch and call handling activities. The service provider is responsible for designing DR procedures and maintaining an alternate infrastructure with a storage area network (SAN) environment for data replication. The DR procedures initially provided to the OIAD lacked evidence of managerial review and approval, as the formal sign-off page was blank. During the audit, Ornge management formally approved the DR plan, and provided a copy to the OIAD, however, the DR plan did not specify the position accountable for invoking and managing the plan.

Although we were informed that a limited test of the ability to connect with the service provider’s recovery environment was completed successfully in November 2012, formal documentation to support this activity was not provided to the OIAD.

Risk

The lack of clear accountability for invoking and managing the DR plan and not conducting a full DR test may negatively impact the recovery of the Optimas application in the event of a service interruption.

Recommendation

The OIAD recommends that the DR plan specify the position accountable for invoking and managing the plan and that full DR tests be conducted regularly.

Management Response and Action Plan

The DR plan has been modified and now identifies the position and backup position accountable for invoking and managing the plan. Two DR tests have been conducted in the past six months and we are reviewing the operational implications of testing the DR semi-annually.

Implementation Date/Position Responsible

Implemented
3.0 COMPLIANCE WITH BPS PROCUREMENT DIRECTIVE

Refer to Appendix C for a summary of the audit sample related to goods and services procured by Ornge from April 1, 2012 to January 31, 2013.

3.1 Supply Chain Code of Ethics

Section 7.1 of the BPS Procurement Directive requires that an organization’s Supply Chain Code of Ethics (Code) be made available and visible to all members of the organization, as well as suppliers and other stakeholders involved with supply chain activities.

The OIAD noted that the Code was not made available and was not visible to vendors for all 11 procurement files reviewed, as it was not included in procurement documents provided to vendors and was not posted on Ornge’s internet site.

Risk

Not making the Code available and visible to vendors may result in vendors in the supply chain process not acting in an ethical, professional and accountable manner.

Recommendation

The OIAD recommends that Ornge make the Code available and visible to vendors.

Management Response and Action Plan

The Supply Chain Code of Ethics has been incorporated into procurement documents provided to vendors since September 2013.

Implementation Date/Position Responsible

Implemented
3.2 Procurement Values

Establishment of a procurement value is necessary in order to meet the following requirements of the BPS Procurement Directive.
♦ Section 7.2.2.1 requires that the AAS identify authorities that are allowed to approve procurements for different dollar thresholds.
♦ Section 7.2.2.2 requires that prior to commencement, any procurement of consulting services must be approved in accordance with the Procurement Approval Authority Schedule for Consulting Services based on procurement value.
♦ Sections 7.2.2.2 and 7.2.3 require that organizations must not reduce the overall value of procurement in order to circumvent the approval requirements of the organization.
♦ Section 7.2.3 requires that organizations must conduct an open competitive procurement process where the estimated value of procurement of goods or services is $100,000 or more.
♦ Section 7.2.21 requires that prior to commencement of non-competitive procurements, supporting documentation must be completed and approved by an appropriate authority within the organization.

For eight of 11 procurement files reviewed, procurement values were not established in order for Ornge to be able to determine the procurement methods to be used and the authorities required to approve the procurements.

Risk

Not establishing a procurement value may lead to the use of an inappropriate procurement method, which may result in a procurement process that is not open, fair and transparent. Not establishing a procurement value may also result in inappropriate approvals which may lead to a lack of accountability and the misuse of resources.

Recommendation

The OIAD recommends that Ornge establish procurement values for all procurements.

Management Response and Action Plan

Ornge began establishing procurement values for procurements in May 2013.

Implementation Date/Position Responsible

Implemented
3.3 Non-Competitive Consulting Procurements

Section 7.2.2.2 of the BPS Procurement Directive requires that prior to commencement, any procurement of consulting services must be approved in accordance with the Procurement Approval Authority Schedule for Consulting Services noted in the BPS Procurement Directive.

Section 7.2.3 of the BPS Procurement Directive specifies the procurement value threshold requirements to conduct an invitational or open competitive procurement process for consulting services. Exemptions must be in accordance with the applicable trade agreement.

Section 7.2.18 of the BPS Procurement Directive states that extending the term of agreement results in a non-competitive procurement where the extension affects the value and/or stated deliverables of the original procurement document.

Section 7.2.21 of the BPS Procurement Directive requires that prior to commencement of a non-competitive procurement, supporting documentation must be completed and approved by an appropriate authority within the organization.

For a non-competitive procurement, Ornge’s process is to complete a Sole/Single-Source Request to Waive the Competitive Process form. The requestor must note the following:
- reasons for not conducting a competitive procurement
- description of the product or service needed
- circumstances surrounding the request
- benefits of waiving the competitive procurement process
- risk of not waiving the competitive procurement process
- explanation of whether the circumstances are likely to reoccur and the plan to deal with or avoid similar circumstances in the future
- detailed supporting documentation.

In order to waive a competitive procurement process, approval is required from the Director of Procurement, the Executive Vice-President of Corporate Services (EVP) and the Chief Executive Officer (CEO).

In early 2012, a significant number of senior executives were dismissed or otherwise left the organization over a very short period of time. Ornge’s management stated that in order to maintain critical health services provided by Ornge, the six consultants included in OIAD’s procurement sample were urgently hired to assume responsibilities in the absence of these key senior executives, and to support the interim CEO. Per the Director of Procurement, the procurement department was not involved in the procurement of the six consultants.

Out of a sample of six consulting procurement files reviewed, the OIAD noted the following.
♦ For all six consulting procurement files, the Sole/Single-Source Request to Waive the Competitive Process form was prepared after the commencement of the procurements.
♦ For all six consulting procurement files, the interim CEO did not sign the Sole/Single-Source Request to Waive the Competitive Process form.
♦ For three of the consulting procurement files, there was insufficient justification to support waiving the competitive process.
♦ For three consulting procurements files, an extension was executed without completing another Sole/Single-Source Request to Waive the Competitive Process form.

Risk

Lack of appropriate approval of non-competitive procurements may lead to the misuse of resources and weakens the accountability framework.

Lack of appropriate documentation to support the justification of non-competitive procurements hinders Ornge's ability to demonstrate an open, fair and transparent procurement process.

Recommendation

The OIAD recommends that Ornge obtain appropriate approval for non-competitive procurements and prepare appropriate documentation to support the justification to waive the competitive process.

Management Response and Action Plan

Ornge acknowledges the importance of appropriate documentation and approvals for all procurements.

The shortcomings in the above-noted items arose from the exceptionally unusual circumstance in early 2012 of Ornge suddenly finding itself in a state of immediate transition, with sharply reduced executive capacity and a reasonable belief that public services were at risk.

Since that time, Ornge personnel have been required to prepare appropriate documentation and obtain the appropriate approvals to justify a competitive process waiver, which would only be granted if a high standard of due diligence was demonstrated.

Implementation Date/Position Responsible

Implemented
3.4 Approval of Non-Consulting Procurements

Section 7.2.2.1 of the BPS Procurement Directive requires that prior to commencement, any procurement of goods or non-consulting services must be approved by an appropriate authority in accordance with the Approval Authority Schedule (AAS). Also, non-competitive procurements of goods or non-consulting services must be approved by an authority one level higher than the level specified in the AAS (i.e. Ornge’s Signing Authority Matrix) for competitive procurements.

Out of a sample of five goods or non-consulting procurement files reviewed, we noted the following.
- For one non-consulting procurement, a procurement value estimated at over $250K was approved by the interim CEO and EVP in the Sole/Single-Source Request to Waive the Competitive Process form. Since the BPS Procurement Directive requires that approval for non-competitive procurements be obtained by an authority one level higher than the level specified in the AAS, this procurement should have been approved by the Board of Directors.
- One non-consulting procurement was not approved prior to the commencement of the procurement.

Risk

Lack of appropriate approval prior to the commencement of non-consulting procurements may lead to the misuse of resources and weakens the accountability framework.

Recommendation

The OIAD recommends that Ornge obtain appropriate approval prior to the commencement of non-consulting procurements.

Management Response and Action Plan

We are being even more attentive to procurement values vis-à-vis our AAS approval authorities and have reminded senior Ornge personnel that prior to commencement, any procurement of goods or non-consulting services must be approved by the appropriate authority.

Implementation Date/Position Responsible

Implemented
3.5 Minimum Required Bid Response Time

Section 7.2.7 of the BPS Procurement Directive requires that suppliers be provided a minimum response time of 15 calendar days for procurements of goods and services valued at $100K or more.

Out of five goods and non-consulting procurement files reviewed, three were competitive procurements. For one of the three competitive procurement files, Ornge provided vendors a bid response time of nine calendar days instead of the minimum required bid response time of 15 calendar days.

Risk

Not providing vendors with sufficient time to prepare and submit bid responses may be unfair to the vendor community and may negatively affect the quality of bid responses.

Recommendation

The OIAD recommends that Ornge provide vendors with the minimum required bid response time of 15 calendar days for procurements valued at $100K or more.

Management Response and Action Plan

The above-noted procurement was straightforward, urgent and unusual. We checked with vendors to confirm if 9 days would provide sufficient time and all indicated it would. We accept OIAD’s observation that the BPS Procurement Directive does not provide for any reduction in bid response times, even with vendor agreement, and implemented the recommendation in May 2013.

Implementation Date/Position Responsible

Implemented
3.6 Bid Dispute Resolution

Section 7.2.25 of the BPS Procurement Directive requires that competitive procurement documents outline bid dispute resolution procedures.

For all three competitive procurements reviewed, a dispute resolution clause was not included in the competitive procurement documents.

Risk

Not including a dispute resolution clause in competitive procurement documents may result in disputes that are not handled in an ethical, fair, reasonable and timely fashion.

Recommendation

The OIAD recommends that a dispute resolution clause be included in all competitive procurement documents.

Management Response and Action Plan

A dispute resolution clause has been included in all competitive procurements since September 2013.

Implementation Date/Position Responsible

Implemented
3.7 Receipt of Vendor Submissions

Section 7.2.8 of the BPS Procurement Directive requires that vendor submissions that are delivered after the bid response closing time must be returned to the vendors unopened. In order to demonstrate compliance with section 7.2.8 of the BPS Procurement Directive, it is a better practice to document vendor submission receipt dates and times in procurement files.

For one of three competitive procurements reviewed, the OIAD noted that two vendor submissions were delivered after the bid response closing time and were accepted for evaluation.

For two of three competitive procurements reviewed, the OIAD noted that vendor submission receipt dates and times were not documented in the procurement files, therefore it was not possible to determine whether the vendor submissions were delivered prior to the bid response closing time.

Risk

Not returning vendor submissions delivered after bid response closing times results in unfair treatment of vendors and may result in reputational loss.

Not documenting vendor submission receipt dates and times hinders Ornge’s ability to demonstrate that the procurement process was fair and transparent.

Recommendation

The OIAD recommends that vendor submissions delivered after bid response closing times be returned to the vendors unopened and that vendor submission receipt dates and times be documented in procurement files.

Management Response and Action Plan

We changed our procedures in May 2013 to ensure that bid submission times are rigorously enforced and receipt of bids are formally recorded.

Implementation Date/Position Responsible

Implemented
3.8 Vendor Submission Evaluation Criteria

Section 7.2.9 of the BPS Procurement Directive requires that evaluation criteria be developed, reviewed and approved by an appropriate authority prior to commencement of the competitive procurement process. Competitive procurement documents must clearly outline mandatory, rated, and other criteria that will be used to evaluate submissions, including weight of each criterion.

For two of three competitive procurements reviewed, the OIAD noted that the detailed evaluation criteria outlining mandatory and rated criteria including weights were not documented in the procurement documents. In addition, for one of these procurements there was no evidence of approval of the evaluation criteria prior to the commencement of the competitive procurement process.

Risk

Not disclosing the detailed evaluation criteria outlining mandatory and rated criteria including weights in procurement documents and not approving the evaluation criteria prior to the commencement of a procurement hinders Ornge’s ability to demonstrate that an open, fair, transparent and consistent evaluation process was used.

Recommendation

The OIAD recommends that procurement documents disclose the detailed evaluation criteria outlining mandatory and rated criteria including weights. In addition, evaluation criteria should be approved by the appropriate authority prior to commencement of the competitive procurement process.

Management Response and Action Plan

We accept OIAD’s observation that the BPS Procurement Directive requires, for competitive procurements, that formal evaluation criteria, outlining mandatory and rated criteria including weights, be in place and disclosed to vendors, even for procurements that are entirely based on price. We have amended our procurement process and vendor disclosure for all competitive procurements accordingly.

Implementation Date/Position Responsible

Implemented
3.9 Disclosure of Evaluation Methodology

Section 7.2.10 of the BPS Procurement Directive requires that competitive procurement documents fully disclose the evaluation methodology and process to be used in assessing submissions, including the method of resolving a tied score.

For all three competitive procurements reviewed, the OIAD noted that the procurement documents did not disclose the method of resolving a tied score. OIAD noted that the evaluation of vendor submissions for one of the three competitive procurements reviewed resulted in a tied score. A qualitative criteria previously undisclosed to the vendors was used to resolve the tied score.

Risk

Not disclosing the method of resolving a tied score in procurement documents results in a lack of transparency and unfair vendor selection.

Recommendation

The OIAD recommends that the method of resolving a tied score be disclosed in procurement documents.

Management Response and Action Plan

The method of resolving a tied score is now disclosed in our competitive procurement documents.

Implementation Date/Position Responsible

Implemented
3.10 Evaluator Conflict-of-Interest Declarations and Non-Disclosure of Confidential Information Agreements

Section 7.2.11 of the BPS Procurement Directive requires that evaluators sign a conflict-of-interest declaration and non-disclosure of confidential information agreement.

For two of three competitive procurements reviewed, there was no evidence of evaluator conflict-of-interest declarations and non-disclosure of confidential information agreements.

**Risk**

Not having evaluator conflict-of-interest declarations and non-disclosure of confidential information agreements hinders Ornge’s ability to demonstrate that a fair and transparent procurement process was used.

**Recommendation**

The OIAD recommends that evaluators complete and sign conflict-of-interest declarations and non-disclosure of confidential information agreements and that these documents be retained.

**Management Response and Action Plan**

We accept OIAD’s observation that the BPS Procurement Directive requires that competitive procurement evaluators complete and sign conflict-of-interest declarations and non-disclosure of confidential information forms, even for procurements that are entirely based on price, and notwithstanding that all Ornge employees are required to sign such declarations annually and sign a non-disclosure of confidential information form when they join the organization. We have amended our procurement process to that recommended by OIAD accordingly.

**Implementation Date/Position Responsible**

Implemented
3.11 Vendor Evaluation Matrices

Section 7.2.12 of the BPS Procurement Directive requires that evaluators complete an evaluation matrix, rating each of the vendor submissions. Records of evaluation scores must be retained for audit purposes.

For two of the three competitive procurements reviewed, evaluation matrices were improperly designed and completed as they did not include weights for the rated criteria.

Risk

Not properly designing and completing evaluation matrices for procurements may negatively affect the vendor selection process and hinders Ornge’s ability to demonstrate that a fair, transparent and consistent procurement process was used.

Recommendation

The OIAD recommends that evaluation matrices be properly designed and completed for competitive procurements.

Management Response and Action Plan

We accept OIAD’s observation that the BPS Procurement Directive requires evaluation matrices to be in place for competitive procurements, even for procurements that are entirely based on price. We have amended our procurement process accordingly.

Implementation Date/Position Responsible

Implemented
3.12 Awarding Procurement Contracts

Section 7.2.14 of the BPS Procurement Directive states that organizations must not discriminate or exercise preferential treatment in awarding a contract to a supplier as a result of a competitive procurement process.

For one of three competitive procurements, the OIAD noted that a vendor was notified by Ornge that they ranked second in the evaluation of proposals and was invited to lower their bid by a specified amount in order to be awarded the contract.

Risk

Exercising preferential treatment in awarding a contract to a vendor does not result in a procurement process that is fair and transparent and may result in reputational loss.

Recommendation

The OIAD recommends that preferential treatment not be given to vendors when awarding procurement contracts.

Management Response and Action Plan

All vendors must be treated fairly. The above-noted procurement pertained to hotel accommodation for a training conference during 2012. We carefully reviewed the situation and in September 2013 corrected the underlying process deficiencies, which were particular to the circumstances.

Implementation Date/Position Responsible

Implemented
3.13 Signed Procurement Contracts

Section 7.2.15 of the BPS Procurement Directive requires that the agreement between the organization and the successful supplier be formally defined in a signed written contract before the provision of supplying goods or services commences.

Ornge’s signing authority matrix requires two signatures from either the CEO, COO, General Counsel or Vice-President for contracts valued over $25K, one of whom must be the CEO, COO or General Counsel.

For seven of 11 procurement files reviewed with contracts valued over $25K, the OIAD noted that the contracts did not include two signatures as required by Ornge’s signing authority matrix.

For one of 11 procurement files reviewed, the OIAD noted that the contract was signed subsequent to the commencement of the provision of services.

Risk

Contracts not signed by the appropriate authority may bind Ornge to contracts that it would otherwise not have entered into and may lead to the misuse of resources. In addition, not having a signed contract prior to the commencement of the provision of services may commit Ornge to services that have not been agreed to in a contractual agreement.

Recommendation

The OIAD recommends that contracts be signed by the appropriate authority in accordance with Ornge’s signing authority matrix prior to the commencement of the provision of services.

Management Response and Action Plan

A number of steps have been taken to ensure that contracts are always signed in accordance with our signing authority matrix, including clarification and simplification of the matrix, refreshed instructions to those with signing authority, and stronger oversight in our procurement and finance departments.

Implementation Date/Position Responsible

Implemented
3.14 Contract Termination Clauses

Section 7.2.17 of the BPS Procurement Directive requires that all contracts include appropriate cancellation or termination clauses.

For two of 11 procurement files reviewed, the OIAD noted that there was no cancellation or termination clause in the contract.

Risk

Not including cancellation or termination clauses in vendor contracts may result in the inability to cancel contracts which may lead to the misuse of resources.

Recommendation

The OIAD recommends that appropriate cancellation or termination clauses be included in all vendor contracts.

Management Response and Action Plan

A termination clause is now included in all vendor contracts.

Implementation Date/Position Responsible

Implemented
3.15 Contract Award Notifications and Supplier Debriefings

Section 7.2.20 of the BPS Procurement Directive require that for procurements valued at $100K or more, organizations must inform all unsuccessful suppliers about their entitlement to a debriefing.

For one of 11 procurement files reviewed, the OIAD noted that regret letters prepared did not indicate that the unsuccessful vendors were entitled to a debriefing nor was it indicated in the Request for Quote document sent to all invited vendors.

Risk

Not notifying unsuccessful vendors of their entitlement to a debriefing leads to a lack of transparency in the procurement process.

Recommendation

The OIAD recommends that all unsuccessful vendors be informed of their entitlement to a debriefing.

Management Response and Action Plan

Vendors are now notified of their entitlement to a debriefing.

Implementation Date/Position Responsible

Implemented
3.16 Contract Terms

Section 7.2.22 of the BPS Procurement Directive requires that for services, clear terms of reference be established for the assignment. The terms should include:

- Objectives
- Background
- Scope
- Constraints
- Staff Responsibilities
- Tangible Deliverables
- Timing
- Progress Reporting
- Approval Requirements
- Knowledge Transfer Requirements.

The OIAD noted that for four of the ten consulting and non-consulting services procurements reviewed, terms of references were not established, nor did the contracts include all of the required terms.

Risk

Not establishing terms of references for procurements or including required terms in procurement contracts may hinder Ornge’s ability to manage vendor performance and attain expected deliverables, and may result in increased costs in the event of disputes.

Recommendation

The OIAD recommends that Ornge establish terms of references for procurements or include required terms in procurement contracts.

Management Response and Action Plan

We accept this recommendation and already include most of the terms in many of our procurements for services. A procedure for including the remaining terms is underway and will be incorporated into future procurements as available.

Implementation Date/Position Responsible

March 2014 / Chief Financial Officer
3.17 Contract Management

Section 7.2.22 of the BPS Procurement Directive requires that all procurements and the resulting contracts be managed responsibly and effectively.

For six of the 11 procurement files reviewed, there was no evidence that vendor performance was monitored and managed throughout the term of the contract.

Risk

Lack of adequate contract management may impair Ornge’s ability to identify contract non-compliance issues and take timely and effective corrective action.

Recommendation

The OIAD recommends that contracts be managed responsibly and effectively and that this be documented.

Management Response and Action Plan

Development of a formal process for vendor performance monitoring and management is underway.

Implementation Date/Position Responsible

Implemented
3.18 Contract Dispute Resolution

Section 7.2.22 of the BPS Procurement Directive requires that organizations include a dispute resolution process in their contracts.

For eight of 11 procurement files reviewed, a dispute resolution clause was not included in the contract between Ornge and the vendor.

Risk

Not including a dispute resolution clause in vendor contracts may result in disputes that are not resolved in a timely or cost-effective manner.

Recommendation

The OIAD recommends that Ornge include a dispute resolution clause in all contracts with vendors.

Management Response and Action Plan

Development of a dispute resolution clause for inclusion in all contracts is underway.

Implementation Date/Position Responsible

Implemented
3.19 Vendor Payments

Section 7.2.22 of the BPS Procurement Directive requires that all payments made to suppliers be in accordance with provisions of the contract. All invoices must contain detailed information sufficient to warrant payment.

Based on our review of vendor invoices paid relating to the 11 procurement files sampled we noted the following.

♦ For one procurement file, Ornge did not agree the unit prices in invoices for supplies to the contract price list.
♦ For one procurement file, two invoices were paid that included meal expenses, however the contract stated that meals cannot be reimbursed.
♦ For five procurement files, the contract stated that only pre-approved allowable expenses can be reimbursed. There was no evidence of pre-approval for vendor expenses for airfare, accommodation, mileage and taxi.
♦ For one procurement file, there were five instances where expense claims for taxi and mileage were reimbursed without documenting the origin and destination of travel.
♦ For one procurement file, all nine vendor invoices sampled noted the total number of days worked for the month, but did not contain a detailed list of dates worked to support payment.

Risk

Payments made to vendors that are not in accordance with the provisions of the contract and not having sufficient documentation to support invoices paid may result in the misuse of resources.

Recommendation

The OIAD recommends that payments be made to vendors in accordance with the provisions of the contracts and that vendor invoices contain detailed information sufficient to warrant payment.

Management Response and Action Plan

A number of steps have been taken to ensure compliance with this recommendation, including making it easier for Accounts Payable to access contract pricing, increasing Accounts Payable’s authority to ask vendors for more information, and stronger oversight of approvals by our Finance department.

Implementation Date/Position Responsible

Implemented
3.20 Vendor Conflict of Interest Declarations

Section 7.2.24 of the BPS Procurement Directive requires that external consultants and suppliers involved with supply chain activities declare actual or potential conflicts of interest.

Nine of 11 procurement files reviewed did not include vendor conflict of interest declarations.

**Risk**

Not having vendors complete conflict of interest declarations may result in vendors not acting in Ornge’s best interest if conflicts of interest exist.

**Recommendation**

The OIAD recommends that conflict of interest declaration forms be completed by vendors.

**Management Response and Action Plan**

Conflict of interest declaration forms are now required from all vendors, regardless of the type of procurement.

**Implementation Date/Position Responsible**

Implemented
3.21 Contract Ceiling Prices

It is best practice to include a ceiling price in a contract which defines the maximum total value of the contract. Having a ceiling price in a contract helps ensure that the approved procurement value is not exceeded and limits the maximum amount a vendor can charge.

For nine of the 11 procurement files reviewed, a ceiling price was not established in the contracts.

Risk

Not including ceiling prices in contracts increases legal risk and may result in the misallocation of resources.

Recommendation

The OIAD recommends that ceiling prices be included in contracts.

Management Response and Action Plan

Ceiling prices are now included in contracts, supplementing our existing practice of including a ceiling price in each contract’s underlying purchase order.

Implementation Date/Position Responsible

Implemented
4.0 COMPLIANCE WITH BPS EXPENSES DIRECTIVE

There are various methods by which expenses are incurred and paid by Ornge as follows.

♦ Ornge’s staff and Board members use an Ornge Expense Form (expense form) to submit expenses.
♦ Ornge’s staff and Board members complete travel request forms and submit them to the Workforce Planning and Scheduling department (WPSD) which books travel arrangements and pays for them using an Ornge corporate credit card (an expense form is not required).
♦ Selected vendors (such as taxis, hotels and car rental agencies) invoice Ornge directly for services provided.
♦ Standing Agreement (SA) Carriers who provide services on behalf of Ornge and other contractors who provide services to Ornge, invoice Ornge for expenses they incur.

An audit of travel, meals, hospitality and vendor expenses was performed on a sample of 77 expense forms, five corporate credit card statements, 33 vendor invoices, nine SA Carrier invoices and four contractor invoices for the period from April 1, 2012 to January 31, 2013.

4.1 Receipts Supporting Expense Claims

Per section 4.7 of the BPS Expenses Directive, claimants must submit original itemized receipts with all claims. If there is not an itemized receipt, a written explanation must be submitted to provide the approver with adequate information for decision-making.

Based on our review of expense claims, the OIAD noted the following.
 jours
♦ Five of 77 expense forms contained 10 instances where claims were supported by credit card slips or non-itemized receipts. Written explanations as to why the original itemized receipts were unavailable with adequate information for decision-making were not provided. The 10 instances related to meal, hotel and parking expenses with values ranging from $6 to $130.
♦ One of 77 expense forms, one of five credit card statements and one of four contractor invoices contained seven instances where claims were not supported by receipts. Written explanations with adequate information for decision-making were not submitted with the expense claims. The seven instances related to hotel, fuel, parking and meal expenses with values ranging from $12 to $163.

Risk

Not providing original itemized receipts to support expense claims or not providing written explanations of why receipts are unavailable with adequate information for decision-making may result in the reimbursement of ineligible expenses.
Recommendation

The OIAD recommends that expense claims are supported by original itemized receipts. Where original itemized receipts are unavailable, written explanations of why receipts are unavailable with adequate information for decision-making such as descriptions itemizing and confirming the expenses should be provided.

Management Response and Action Plan

A number of steps have been taken to ensure compliance with this recommendation, including a memo to all staff reinforcing the need for compliance, increasing Accounts Payable’s authority to ask for itemized receipts or written explanations, and stronger oversight of expense claims by our Finance department.

Implementation Date/Position Responsible

Implemented
4.2 Approval Authority

Per section 4.1 of the BPS Expenses Directive, expense rules must include an accountability framework to ensure that there is appropriate governance, and that everyone understands the authority for approvals. Ornge’s Travel, Business Expense and Hospitality Reimbursement Policy (Travel Policy) states that all travel must be approved according to the Ornge Signing Authority Matrix. An employee’s supervisor must review and approve the expense report and, depending upon the total amount of the reimbursement, a second signature may be required as per the Signing Authority Matrix. The cost centre manager must also sign the expense claims if that person is different from the supervisor.

Based on our review of expense claims we noted that three of 77 expense forms were not signed by the cost centre manager. The values of the 3 expense forms ranged from $107 to $223.

We also noted one of five corporate credit card statements of expenses where the cost centre manager’s airfare for $250 was included in the corporate credit card statement and was approved by this cost centre manager. However, the corporate credit card statement of expenses was not approved by the cost centre manager’s supervisor.

Risk

Not obtaining appropriate approval for expense claims may result in the misuse of resources and a lack of accountability.

Recommendation

The OIAD recommends that Ornge ensure that appropriate approvals are obtained for all expense claims.

Management Response and Action Plan

We accept OIAD’s finding that certain expense claims were approved, but not by employee’s own cost centre manager. This can occur when an employee is travelling and incurs expenses under the supervision of a cost centre manager who is not his or her home base manager. We have revised our Travel Policy to permit a remote cost centre manager to approve expense claims in such circumstances.

Implementation Date/Position Responsible

Implemented
4.3 Expenses for Contractors

Per section 4.6 of the BPS Expenses Directive relating to contractors, reimbursement for allowable expenses can be claimed and reimbursed only when the contract specifically provides for it. In no circumstances can hospitality, incidental or food expenses be considered allowable expenses for contractors.

Based on our review of contracts with the SA Carriers, the OIAD noted that the contracts allowed for the reimbursement of meals and incidentals at specified maximum rates. However, these contracts with the SA Carriers were signed in 2008 and pre-date the BPS Expenses Directive.

Based on our review of SA Carriers vendor invoices we noted that two of nine SA Carrier vendor invoices each contained one instance where meal expenses reimbursed were higher than the maximum meal rates provided for in the agreements. The meal expenses reimbursed were valued at $208 (for eight meals) and $330 (for four meals), thereby exceeding the maximum daily meal rates by $8 and $230 respectively.

Risk

Reimbursement of expenses that exceed the maximum rates allowed in the agreements may result in the misuse of resources and reputational loss.

Recommendation

The OIAD recommends that the reimbursement of expenses not exceed the maximum rates specified in the agreements in place. In addition, when contracts with SA Carriers expire, Ornge should ensure that new contracts with SA Carriers do not allow for the reimbursement of meal and incidental expenses.

Management Response and Action Plan

We acknowledge this finding. Credits were requested and received from the SA Carrier in question. Our new SA Carrier agreements do not allow for the reimbursement of meal and incidental expenses. Staff have been reminded that contractor invoices that include reimbursement for food must not be accepted.

Implementation Date/Position Responsible

Implemented
4.4 Appropriate Documentation for Approving Hospitality Expenses

Per section 4.8 of the BPS Expenses Directive, approvers are required to provide approval only for claims that include all appropriate documentation. Ornge’s Travel Policy states that expense claims relating to hospitality events must include a brief explanation of the circumstances and the names of the attendees.

Based on our review of expense claims, we noted that two of 77 expense forms each contained one instance, valued at $65 and $504, where a hospitality expense was approved without a brief explanation of the circumstances and the names of the attendees.

Risk

Approving hospitality expense claims without an appropriate explanation of the circumstances and a complete list of attendees may result in a misuse of resources and reputational loss.

Recommendation

The OIAD recommends that hospitality expense claims include an appropriate explanation of the circumstances and the names of the attendees.

Management Response and Action Plan

A number of steps have been taken to ensure compliance with this recommendation, including a memo to all staff reinforcing the need for compliance, increasing Accounts Payable’s authority to ask for an explanation of the circumstances, and stronger oversight of expense claims by our Finance department.

Implementation Date/Position Responsible

Implemented
4.5 Submission and Approval of Group Expenses

Section 4.8 of the BPS Expenses Directive prohibits an approver from approving their own expenses. Also, expenses for a group can only be claimed by the most senior person present and expenses cannot be claimed by an individual that are incurred by his/her approver.

Per Ornge’s Travel Policy, an employee’s supervisor must review and approve the employee’s expense claims and the cost centre manager must also sign the expense claims if that person is different from the supervisor.

Based on our review of expense forms we noted the following.

- One of 77 expense forms included an operations director’s claim for a group meal expense valued at $45. The director’s supervisor who was the most senior person in attendance did not claim the group meal expense. The supervisor approved the director’s expense form which included the supervisor’s meal expense.
- One of 77 expense forms included a Board member’s claim for a group meal expense valued at $242. The Board Chair who attended the dinner, did not claim the group meal expense. The cost centre manager for this expense was the CEO who was also in attendance. The Chief Administrator Officer, who was not in attendance, approved the Board member’s expense form. Ornge’s Signing Authority Matrix does not specify who should approve a Board member’s, the Board Chair’s or the CEO’s expense claims.
- One of 33 supporting invoices contained a hotel invoice for rooms and meals which was approved by a director and included the director’s own meal expenses.
- One of 33 supporting invoices included seven instances where meal expenses reimbursed exceeded the meal rates per Ornge’s Travel Policy. The meal expenses reimbursed were valued from $13 (for one meal) to $107 (for 5 meals), thereby the amounts exceeding the maximum daily meal rates ranged from $1 to $32.

Risk

Not having the most senior person present claim group expenses and allowing expenses to be claimed by an individual that are incurred by his/her approver may result in the misuse of resources and a lack of accountability.

Having employees approve their own expenses may result in a misuse of resources, a lack of accountability and reputational loss.

Reimbursement of employee expenses that exceed the maximum meal rates allowed in the Travel Policy may result in the misuse of resources and reputational loss.
Recommendation

The OIAD recommends the following.
♦ Group expenses should be submitted by the most senior person present.
♦ Individuals should not claim expenses incurred by their approvers.
♦ The Signing Authority Matrix should clearly specify the process to approve Board member, Board Chair and CEO expenses.
♦ Individuals should not approve their own expenses.
♦ Employee expenses should not exceed the maximum rates specified in Ornge’s Travel Policy.

Management Response and Action Plan

A number of steps have been taken to ensure compliance with this recommendation, including a memo to all staff reinforcing the need for compliance, increasing Accounts Payable’s authority to verify claim circumstances, amending the Signing Authority Matrix as recommended and stronger oversight of expense claims by our Finance department.

Implementation Date/Position Responsible

Implemented
4.6 Timeliness of Claims Submissions

Section 4.7 of the BPS Expenses Directive states that claimants must submit claims within the timeframe specified by the organization’s rules, otherwise a written explanation is required. Section A of Ornge’s Travel Policy states that expense reports must be submitted to Accounts Payable no later than 30 days following the date of the expense or the conclusion of travel.

Based on our review of expense forms, we noted 32 of 77 expense forms ranging from $102 to $2,081 that were not submitted within 30 days following the date of the expense or the conclusion of travel and did not include a written explanation for the delay. The claims were submitted between 10 and 160 days late.

Risk

Untimely submission of expense claims increases the risk of inaccurate financial reporting.

Recommendation

The OIAD recommends that expense claims be submitted within 30 days following the date of the expense or the conclusion of travel. Where expense claims are not submitted within the appropriate timeframe, a written explanation should be provided.

Management Response and Action Plan

We accept the recommendation and have reinforced with staff the need to submit expense claims promptly or otherwise provide a written explanation.

Implementation Date/Position Responsible

Implemented
4.7 Ornge’s Travel Policy

The OIAD noted that Ornge’s Travel Policy is not aligned with the BPS Expenses Directive.

♦ The BPS Expenses Directive requires claimants to obtain all appropriate approvals before incurring expenses. However, Ornge’s Travel Policy does not require pre-approval for travel expenses related to training.

♦ The BPS Expenses Directive requires that claimants submit written explanations with claims if original itemized receipts or appropriate expense pre-approvals as prescribed by Ornge’s Travel Policy are unavailable or if it is not possible to submit claims within the specified timeframe, however Ornge’s Travel Policy does not include this requirement.

Risk

If Ornge’s Travel Policy is not aligned with the BPS Expenses Directive, this may result in non-compliance with the Directive.

Recommendation

The OIAD recommends that Ornge ensure that the Travel Policy is aligned with the BPS Expenses Directive.

Management Response and Action Plan

Ornge’s Travel Policy is now aligned with the BPS Expenses Directive as recommended.

Implementation Date/Position Responsible

Implemented
4.8 Other Considerations

Mileage Claims

The BPS Expenses Directive does not specifically indicate that proof of distance is required when submitting mileage claims. In the absence of any direction, the prudent stewardship of public funds requires support for mileage claims such as a map identifying the distance travelled or a travel log book.

Based on our review of 77 expense forms we noted that six expense forms contained 20 instances where mileage claimed did not provide sufficient evidence to justify the distance travelled.

Transportation by Airplane

Ornge staff and Board members may purchase airfare for business travel and submit expense claims for reimbursement rather than use the WPSD travel co-ordinators. The BPS Expenses Directive does not specifically indicate that boarding passes are required to be submitted along with airfare invoices to support airfare expense claims. In the absence of any direction, prudent stewardship of public funds requires support for airfare claims to include boarding passes as evidence of air travel.

Based on our review of 77 expense forms we noted that seven expense forms contained 10 instances where claims for airfare that were paid directly by employees did not include boarding passes with airfare invoices.

Prior Approval Documentation

The BPS Expenses Directive does not specifically require that prior approval for expenses be documented. In the absence of any direction, prudent stewardship of public funds requires that prior approvals be documented and included with expense forms to support expense claims.

Based on our review of 77 expense forms we noted 52 expense claims where prior approval was not documented.

Risk

Providing insufficient support for mileage and air travel claims may result in the misuse of resources and reputational loss.

Not documenting prior approval for expense claims may result in a lack of accountability and the misuse of resources.
Recommendation

The OIAD recommends that evidence to support the distance travelled be provided for mileage claims and that boarding passes be provided to support airfare claims paid directly by employees.

The OIAD recommends that prior approval for expenses be documented and included with expense claims.

Management Response and Action Plan

We now require evidence to support claimed distances travelled and boarding passes to support airfare claims and require inclusion of evidence of appropriate prior approval for travel.

Implementation Date/Position Responsible

Implemented
APPENDIX A – BACKGROUND

The provision of ambulance services in Ontario is governed by the Act. Under the Act, the MOHLTC is required to ensure the existence throughout Ontario of a balanced and integrated system of ambulance services and communications services used in dispatching ambulances.

As the MOHLTC transformed into a stewardship role, it sought opportunities to focus on its core business/strategic management rather than direct service delivery, while ensuring an integrated and publicly funded health care system. The MOHLTC’s transformation supported the consolidation, in January 2006, of all air ambulance services under the Ontario Air Ambulance Services Co., a not-for-profit organization. Ontario Air Ambulance Services Co. re-branded later in 2006 to become Ornge. As a result of the January 2006 consolidation, all operational functions of the air ambulance program that were provided by the MOHLTC and through the Ontario Air Ambulance Base Hospital Program were consolidated under Ornge.

Ornge is responsible for all air ambulance operations including the contracting of flight service providers, medical oversight of all air paramedics, air dispatch and authorizing air and land ambulance transfers. Ornge serves more than 13 million people over one million square kilometres of land and is responsible for the transport of approximately 18,000 patients per year. Ornge has 12 dedicated bases located throughout Ontario.

In January 2012, an interim CEO was appointed and Ornge’s Board of Directors was replaced with a new volunteer Board. In 2013 a new CEO was appointed at Ornge.

Ornge is accountable to the Ontario Government through a PA. A new amended PA was ratified by the Ontario Government and Ornge in March 2012. The AAPOB of the Direct Services Division, MOHLTC, is responsible for overseeing Ornge.

The MOHLTC Audit Committee approved an audit of Ornge as part of the approved MOHLTC 2012/2013 and 2013/2014 Internal Audit Plans.
APPENDIX B – ENGAGEMENT OBJECTIVES AND SCOPE

Objectives

The objectives of this audit of Ornge were as follows.

1. Assess Ornge’s compliance with Article 11.3 of the PA Governance.

2. Assess whether the processes for preparing the following selected reports provided by Ornge to the Ministry per Article 17.1(a) and (b) of the PA are designed to ensure their completeness and accuracy.
   ♦ Reaction/Response Times
   ♦ Call Volumes
   ♦ Staffing Report
   ♦ Daily Availability Report and 10 Day Roll-Up
   ♦ Complaints and Investigations.

3. Assess Ornge’s compliance with the Broader Public Sector Procurement Directive, the Broader Public Sector Perquisites Directive, and the Broader Public Sector Expenses Directive as required per Article 11.5 (a) of the PA.

Scope and Approach

The scope of this audit focused on the period from April 1, 2012 to January 31, 2013 for objectives 1 and 3 and April 1, 2012 to April 30, 2013 for objective 2. Our approach included an examination of files, records, and supporting documentation and interviews/discussions with key personnel as considered necessary.

This engagement includes an issues follow-up process. Engagement findings identified in the final report will be followed-up for resolution and closure, initially one calendar year after issuance of the final report. Thereafter, outstanding issues will be followed-up based on target resolution dates provided by Ornge.
APPENDIX C – PROCUREMENT AUDIT SAMPLE

The following provides an overview of the audit sample size for goods and services procured from April 1, 2012 to January 31, 2013.

<table>
<thead>
<tr>
<th></th>
<th>Procurement Value¹</th>
<th>Number of Procurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Consulting Services</td>
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<td>13</td>
</tr>
<tr>
<td>Procurements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample Selected</td>
<td>$419,564</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>Total Goods and Non-</td>
<td>$16,629,000</td>
<td>2,121</td>
</tr>
<tr>
<td>Consulting Services Procure-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>nments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample Selected</td>
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<td>5</td>
</tr>
<tr>
<td></td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>

The following table provides the method of procurement for the audit sample.

<table>
<thead>
<tr>
<th>Method of Procurement</th>
<th>Audit Sample Procurement Value¹</th>
<th>Audit Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive</td>
<td>$663,500</td>
<td>3</td>
</tr>
<tr>
<td>Non-Competitive</td>
<td>$921,986</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>$1,585,486</td>
<td>11</td>
</tr>
</tbody>
</table>

¹ Per our review of procurement documentation, we noted that procurement values were not established for all procurements. Where procurement values were not included in procurement documentation, Ornge provided us with the procurement values.
APPENDIX D – DISTRIBUTION LIST

The final report will be distributed to the following individuals.

Helen Angus, A/Deputy Minister, MOHLTC

David Hallett, Associate Deputy Minister, MOHLTC

Richard C. Kennedy, Chief Internal Auditor and Assistant Deputy Minister
Ontario Internal Audit Division, MOF

Patricia Li, Assistant Deputy Minister, Direct Services Division, MOHLTC

Mike Weir, Chief Administrative Officer and Assistant Deputy Minister, Corporate
Services Division, MOHLTC

Richard Jackson, Director, Emergency Health Services Branch, Direct Services
Division, MOHLTC

MOHLTC Audit Committee Members

Ian Delaney, Board Chair, Ornge

Dr. Andrew McCallum, President and CEO, Ornge