Ontario

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May 29, 2020

Memorandum to: Mr. Christopher Tyrell, Committee Clerk
Standing Committee on Public Accounts
Procedural Services Branch, Legislative Assembly of Ontario

SUBJECT: **Ministry Response to the Standing Committee on Public Accounts - Status Updates on the Auditor General's 2019 Annual Report**

Further to your request for updates on Chapter 2: (Public Accounts of the Province), Chapter 3 Section 3.11 (Oversight of Time Limited Grants), and Chapter 4 (Review of Government Advertising) of the Auditor General's 2019 Annual Report, please find enclosed a report providing updates on the implementation status of the recommendations made in the above stated chapters.

Treasury Board Secretariat has coordinated its response with other parties and is responding on behalf of the Ministry of Government and Consumer Services, and the Ministry of Finance.

Thank you,

Original signed by

Kevin French, Deputy Minister, Treasury Board Secretariat
Secretary of Treasury Board and Management Board of Cabinet

c: Greg Orencsak, Deputy Minister, Ministry of Finance
Karen Hughes, Deputy Minister, Ministry of Government and Consumer Services

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Status Updates to the Standing Committee on Public Accounts on the 2019 Annual Report of the Auditor General

Chapter 2: Public Accounts of the Province

Ref	Auditor General's Recommendation	Completed Undertaking	Outstanding Undertaking (including timeline)
1	**Volume 2 of the Public Accounts of Ontario:** To increase the transparency of the province's consolidated financial statements, we recommend that the Treasury Board Secretariat: • incorporate electronic copies of the organizations' financial statements, which are consolidated into the Public Accounts, into the Volume 2 website; and • advise the government to revise the Agencies and Appointments Directive and the Broader Public Sector Business Documents Directive to specify the posting of an agency's audited financial statements on the agency's or government's website no later than the Public Accounts release date.	Recommendation has been fully implemented The province has and continues to work on ensuring the timely and complete disclosure of the audited financial statements of its consolidated organizations at the time of the release of future Public Accounts. The Office of the Provincial Controller Division has and continues to work with ministries so that financial statements of organizations that were previously published in paper form will be available in digital form at the same time as other supplementary volumes of future Public Accounts. While communications to all affected ministries has been made to support the public availability of audited financial statements for 2019/20, TBS has updated the Agency and Appointments Directive for provincial agencies to clarify the requirement. TBS is also revising the BPS Business Documents Directive to implement the recommendation on timing for posting audited financial statements no later than the release of Public Accounts.	N/A
2	**Ontario Cannabis Retail Corporation** In order for the Ontario Cannabis Retail Corporation to operate effectively, we recommend that it develop a plan and take all steps necessary to expedite the resolution of data integration issues between its key IT systems.	Recommendation is fully implemented. The Ontario Cannabis Retail Corporation, operating as the Ontario Cannabis Store (OCS) has taken steps and developed a plan to implement technological solutions to ensure that sufficient controls are in place to monitor the activities of outsourced companies and services. These controls will ensure that payments for such services are properly reconciled (i.e., payments align with usage, services, etc.). The OCS' IT department continues to improve the effectiveness and accuracy of these technological solutions.	N/A

Ref	Auditor General's Recommendation	Completed Undertaking	Outstanding Undertaking (including timeline)
		A full follow-up audit of these new control systems is underway to assess their effectiveness. The audit is being conducted by the Ontario Auditor General's Office (OAGO) in conjunction with OCS Internal Audit group (IA). Preliminary results to date have shown significant improvements in the OCS' control environment. Any further findings by the OAGO/IA will be addressed following the completion of the audit.	
3	**Use of Legislative Accounting Standards** To ensure consistent use of Canadian Public Sector Accounting Standards, we recommend that the government formalize a process to follow the accounting standards established by the Canadian Public Sector Accounting Board to avoid using legislation or regulations to prescribe accounting treatments.	N/A	Recommendation will **not** be implemented: The Province is committed to preparing its financial statements in accordance with generally accepted accounting principles in order to provide high-quality financial reports that support transparency and accountability in reporting to the public, the Legislature and other users.

Chapter 4: Review of Government Advertising

Ref	Auditor General 's Recommendation	Completed Undertaking	Outstanding Undertaking (including timeline)
1	We recommend that the previous version of the Government Advertising Act, 2004 as it appeared on June 3, 2015, be reinstated, while leaving in the amendment that added digital advertising as a reviewable medium.	Not Applicable	The government continues to explore options for the review of government advertising. As of the date this response was due to the Standing Committee on Public Accounts (May 30, 2020), the government's priority is the health and safety of all Ontarians and the response to the COVID-19 pandemic. The government already reviews all advertising paid for by the province to ensure it is delivered in the most efficient and cost-effective manner, to maximize value for taxpayers.

Chapter 3 Section 3.11: Oversight of Time-Limited Grant

Ref	Auditor's Recommendation	Completed Undertaking	Outstanding Undertaking (including timeline)
1	To improve transparency in government reporting and allow the members of the legislative assembly to have better information with which to make informed funding allocation decisions, we recommended that the Treasury Board Secretariat: • A) show time-limited discretionary grants separately from government funding for ongoing programs in the Estimates of the Province and the Public Accounts of Ontario; and • B) compile and maintain a central list of all time-limited discretionary grant programs.	This recommendation is fully completed Action Item B: central list of time limited discretionary programs at program level is fully implemented. Effort is being made to ensure consistency of information.	Action Item A: Review the list of discretionary grants as prepared last year by the ministries for the AG is ongoing to determine the next steps for presentation in Estimates and subsequently into Public Accounts: Complete review of the list by August 2020; Develop options for presentation in Estimates, if feasible, otherwise explore other options to meet the needs of the request. This recommendation is anticipated to be implemented within 2 years
2	To inform the public about all grant programs available, we recommend that the Ministry of Government and Consumer Services disclose on the Grants Ontario System details on current and upcoming grant opportunities.	Ministry partners were informed of audit related recommendations in December 2019. Since then, the Ministry of Government and Consumer Services has incorporated the requirement for all programs with an active intake through the Transfer Payment Ontario system (formerly Grants Ontario) have program information available on the public portal. Program funding opportunities can be found on Ontario.ca/Get Funding.	N/A
3	To increase transparency and greater accountability for government funding, we recommend that the Treasury Board Secretariat, in conjunction with granting ministries, publicly disclose on one platform all recipients of government funding received directly through a ministry or indirectly through a flow-through organization, by granting program.	Significant consultations with ministries is ongoing and is required to implement the recommendation which may be completed for 2021/22 Public Accounts at the earliest. For the 2019/20 Public Accounts instructions, ministries were asked to provide additional information as available with respect to flow-through recipients of funding listed in Volume 3 of Schedule of Payments.	In the Process of Being Implemented - Within 3 years Information provided by ministries from the instructions issued will be a catalyst for evaluating current availability of information.

Ref	Auditor's Recommendation	Completed Undertaking	Outstanding Undertaking (including timeline)
4	To encourage more ministries to use the government-wide Grants Ontario system and all relevant and applicable modules available in the system for the administration of their grants, we recommend that the Transfer Payment Ontario Branch within the Ministry of Government and Consumer Services: • develop a plan with specific timelines to address concerns with the system raised by ministry staff and external users in its user satisfaction surveys; and • implement practical solutions that will make the Grants Ontario system user-friendly, effective and efficient.	Implemented significant changes to the TPON system to create a new user experience in August 2019. The changes were based on user feedback and on leading user experience design best practices. Delivered regular enhancements and system upgrades incorporating feedback from users and obtained from: · Active and on-going engagement with the Ontario Non-profit Network (ONN) · Recurring user surveys to internal ministry and external users · One-on-one user research sessions with internal ministry and external users · Review of user feedback documented through training sessions, client engagements and client support	User research is continuous and reflected in ongoing enhancements to the system which are focused on improving the internal OPS client and external user experience. Timeline (As committed to in Nov 2019): 1 year
5	To maximize the benefits of a complete government-wide grants database that produces comparable, consistent and reliable reporting, we recommend that the Treasury Board Secretariat, in conjunction with the Transfer Payment Ontario Branch: • reinforce the communication that all ministries are to use the government-wide Grants Ontario system and all relevant and applicable modules available in the system for the administration of their grants once the concerns raised by ministry staff and external users with respect to the system have been addressed; • clearly define all key inputs to be entered into the Grants Ontario system and ensure all ministries are entering information consistently; and • monitor utilization of the system.	As part of the 2020-21 Multi-year Planning process, TB/MBC approved direction to ministries, and their provincial agencies, to submit plans for transitioning existing TP programs/IT systems to TP Ontario (excluding programs for support payments only). Ministries were required to report back to TB/MBC with their plans in June 2020; however, an amendment was requested to defer the report back to coincide with the 2021-22 Multi-year Planning process. This extension was necessary due to the COVID-19 emergency and limited ministry capacity to complete the work on the originally planned timelines. MGCS, with TBS support, has completed initial engagements with 18 ministries to support the development of plans to transition TP programs/related IT systems to the TP Ontario system (excluding support payments to individuals). Through these engagements, MGCS is supporting business process reviews to identify opportunities to standardize processes and streamline reporting through the use of all system functionalities and adoption of best practices. MGCS has developed and implemented an internal data governance strategy to enhance consistency and data integrity with system data. Lessons learned will be used to inform a broader enterprise TP data governance strategy. MGCS is also building data analytics capacity within ministry program areas to promote good data practices, enhance data integrity and consistency. MGCS monitors module usage on a quarterly basis and	Engagements with four remaining ministries (May/June); shifting ministry priorities to address COVID-19 has delayed some engagements. Support ministries with finalizing transition plans (Q2 2020/21). Finalize and implement an enterprise TP data governance strategy (Q2/Q3 2020/21). Following the submission of transition plans through the 21-22 Multi-year Planning process, TBS and MGCS will develop an enterprise-wide, multi-year TP Ontario transition plan , including milestones for 12, 24 and 36 months (Q4 2020/21). Timeline (As committed to in Nov 2019): 2 years

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		shares usage information with ministry program areas. In addition to TP Consolidation activities, program staff are informed of the end to end functionality of the system and encouraged to leverage the full capacity of the system during the on-boarding of TP programs to TP Ontario. TBS is developing a performance measurement framework that will help inform ministry inputs, including key data elements to be collected in the TP Ontario system.	
6	To manage the Grants Ontario system cost efficiently, we recommend that the Transfer Payment Ontario Branch within the Ministry of Government and Consumer Services develop workload and efficiency measures and review its staffing model on an ongoing basis.	The Ministry of Government and Consumer Services has implemented an activity tracking system to measure the work effort of TPON's Business Support Services Unit on a quarterly basis. The tool measures staff effort in relation to program implementation activities. The information is reported by the staff member associated with the portfolio ministry and programs. The results are reviewed annually to ensure the cost efficiency of the staffing model and alignment with the branch's enterprise mandate and role in supporting three of the six government Smart Initiatives.	N/A
7	In order that government funding is provided only to grant applicants in good standing with provincial statutes when the grant constitutes a significant monetary amount, we recommend that the Treasury Board Secretariat require ministries to verify an applicant's status with respect to outstanding environmental and labour violations and any outstanding taxes before making a grant payment.	Initiated a preliminary analysis to identify the scope of the issue, existing tools and processes that could be leveraged to implement the recommendation, gaps, and key partners to be consulted (Ongoing).	Complete work on the analysis. Assess policy options for possible changes to the Transfer Payment Accountability Directive and the Operational Policy to best support this recommendation (December 2021 - but may require potential extension as key partners are focused on COVID-19 emergency response)."

Ref	Auditor's Recommendation	Completed Undertaking	Outstanding Undertaking (including timeline)
8	To provide funding to grant recipients in an objective and transparent manner based on their applications submitted, we recommend that: • the Ministry of Heritage, Sport, Tourism and Culture Industries follow the Transfer Payment Accountability Directive in selecting grant recipients and seek Treasury Board/ Management Board of Cabinet approval prior to awarding grant funding to recipients that did not meet eligibility criteria and were selected under the Minister's discretion; and • Treasury Board Secretariat reinforce the requirements of the Transfer Payment Accountability Directive with ministries, with respect to the use of exemptions and the need to document the rationale for funding decisions.	Launched a new TP Portal on the intranet (InsideOPS) that is available to all OPS staff to connect all enterprise TP rules, systems, and training, including a newly developed TP Essentials Curriculum to help staff increase their knowledge of the TP rules and capacity to comply with requirements (February 2020). The TP Essentials Curriculum available to all OPS staff through the TP Portal, also includes a new tip sheet reinforcing the requirements of the Transfer Payment Accountability Directive related to selection and eligibility criteria, use of exemptions, and the need to document rationale for funding decisions (February 2020).	N/A - fully implemented
12	To monitor the impact of grant funding and provide transparency, we recommend that the Treasury Board Secretariat, in conjunction with granting ministries, develop outcome-based performance measures for all discretionary grant programs as applicable, set reasonable targets to measure progress and report this information publicly.	TBS is currently developing requirements for measuring and reporting on the performance of TP programs across government. TP programs will be required to move beyond "output" measures, to tracking outcome-based effectiveness and efficiency measures. Options for publicly reporting relevant performance measures are also under development.	TBS, with MGCS input, will confirm proposed direction and requirements for reporting on TP program measures. Reporting on TP programs will be required for all relevant discretionary grants by 2021. Timeline (As committed to in Nov 2019): 2 years

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13	To minimize the risk of multiple ministries funding the same entity for the same or similar activities and to streamline reporting where justified, we recommend that: • the Treasury Board Secretariat, along with granting ministries, consolidate grant programs that support similar initiatives for a particular sector into one grant program under one ministry; and • where consolidation of funding into one program is not possible, that granting ministries streamline reporting activities, in accordance with the Transfer Payment Operational Policy	As part of the 2020-21 Multi-year Planning process, TB/MBC approved direction to ministries, and their provincial agencies, to submit plans for transitioning existing TP programs/IT systems to TP Ontario (excluding programs for support payments only). Ministries were required to report back to TB/MBC with their plans in June 2020; however, an amendment was requested to defer the report back to coincide with the 2021-22 Multi-year Planning process. This extension was necessary due to the COVID-19 emergency and limited ministry capacity to complete the work on the originally planned timelines. Launched a new TP Portal on the intranet (InsideOPS) that is available to all OPS staff to connect all enterprise TP rules, systems, and training. Training included the release of a newly developed TP Essentials Curriculum to support staff across the OPS to increase their knowledge of and capacity to comply with the Transfer Payment Accountability Directive and Transfer Payment Operational Policy, including streamlined reporting requirements in the Transfer Payment Operational Policy (February 2020). Communications are also being made regularly on the TP Portal to ensure staff across the OPS are up-to-date and aware of the training and resources that are available to support knowledge, capacity and compliance (Ongoing).	Following the submission of transition plans through the 21-22 Multi-year Planning process, TBS and MGCS will develop an enterprise-wide, multi-year TP Ontario transition plan, including milestones for 12, 24 and 36 months (Q4 2020/21). Timeline (As committed to in Nov 2019): 2 years