Treasury Board Secretariat

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Office of the Provincial Controller Division

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Ontario

March 17, 2021

MEMORANDUM TO: Mr. Christopher Tyrell, Clerk of the Committee
Standing Committee on Public Accounts

FROM: Maureen Buckley
ADM & Provincial Controller
Office of the Provincial Controller Division

SUBJECT: Standing Committee on Public Accounts – Public Accounts of Ontario: 2020 Annual Report of the Office of the Auditor General Ontario

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Further to your invitation to attend the Committee please find enclosed a report providing updates on the implementation status of the recommendations made in Chapter 2 of the 2020 Annual Report of the Office of the Auditor General of Ontario.

Treasury Board Secretariat and the Office of the Comptroller General has coordinated its response with other parties, including the Ministry of Children, Community and Social Services and Ministry of the Environment, Conservation and Parks.

Sincerely,

Maureen Buckley, CPA, CA

c. Greg Orencsak, Deputy Minister, Ministry of Finance
Kevin French, Deputy Minister, Treasury Board Secretariat
Carlene Alexander, Deputy Minister, TBS - Office of the Comptroller General

Summary Status Table in Response to the
Report of the Auditor General of Ontario
Public Accounts of Ontario 2020

Chapter 2, 2020 Annual Report of the Office of the Auditor General
Treasury Board Secretariat

Rec #	Auditor's Recommendation	Completed undertaking	Outstanding undertaking (including timeline)
1	Should the government decide that other agencies will be wound-up in the future we recommend that the applicable ministry and the Office of the Provincial Controller Division, in conjunction with the agency being wound-up, work together to ensure that: • sufficient staff with appropriate knowledge of the agency's operations be retained to assist with the wind-up process; • access to other supporting government services previously used by the agency, such as payroll and financial services, be available subsequent to the agency's wind-up to enable an efficient and effective financial reporting process; • responsibilities of all parties involved in preparing information used for financial reporting be clearly communicated; and • timely reporting of financial information continues until the final set of financial statements are prepared, audited and released.	• Treasury Board Secretariat and the Office of the Comptroller General support the recommendations and will continue to communicate and work with the ministries as they undertake restructuring activities and expand on communication, where appropriate, to better highlight documentation to be retained for financial purposes. • Ministries are responsible for working with their impacted agencies in the execution of appropriate processes to ensure effective restructuring of an agency. As initiatives can vary widely in scope and complexity, guidance provided by the Controllership Policy Accounting Consultation Branch, Office of the Provincial Controller Division may not cover all aspects of a particular restructuring and ministries should develop a project plan with their legal, controllership, information technology, human resources, freedom of information, records and facilities specialists to ensure a smooth wind up.	N/A

Rec #	Auditor's Recommendation	Completed undertaking	Outstanding undertaking (including timeline)
2	We recommend that for transparency and consolidation completeness that starting in the 2020/21 fiscal year, the Ministry of Finance and the Treasury Board Secretariat, in co-ordination with the Ministry of Children, Community and Social Services, consolidate the Children's Aid Societies into the Public Accounts and reflect this in the listing of consolidated entities presented as a schedule to the consolidated financial statements.	The Ministry of Children, Community & Social Services has been working with Office of the Comptroller General to reassess control of children's aid societies based on significant changes in the regulatory and policy landscape. • Previous assessments treated all societies homogeneously, failing to consider the significant differences in governance structures, policy frameworks and regulatory environment amongst societies. • Reassessment work began with Indigenous societies in light of the ministry's Child Welfare Redesign Strategy, which includes unique Indigenous-specific approaches, and changes in Federal Legislation (*An Act respecting First Nations, Inuit and Métis children, youth and families, 2020)* that allow Indigenous governing bodies to exercise their own legislative authority over child and family services. The ministry's assessment, which has been shared with the Office of the Comptroller General and OAGO, indicates that the Province does not control the 2 First Nation Bands designated as societies or the 10 other incorporated indigenous societies.	• The ministry plans to complete work on non-indigenous society reassessments spring 2021, considering the significant variability amongst multi-service, faith-based and more traditional societies. • Upon completion of re-assessments, a final decision will be made on consolidation based on the findings and materiality of consolidation. • Considering the scale of resource, operational and technology changes required within both the ministry and 50 individual societies in order to implement consolidation, the ministry will complete detailed impact analysis and project / stakeholder engagement plans in Fall and Winter 2021, so initial consolidations can be done in the 2022-23 fiscal year, if decided. This is consistent with the implementation timeline provided in the management response to the AG's 2020 Report. • This timeline takes into account the need for standardizing accounting processes and reporting structures across very diverse organizations, anticipating significant lead time to investigate, design, implement (with IT system impacts anticipated) and train staff on new standards.

Rec #	Auditor's Recommendation	Completed undertaking	Outstanding undertaking (including timeline)
3	We recommend that in order to have a consolidation process that is orderly and timely, the Ministry of Children, Community and Social Services (Ministry) should work with the Children's Aid Societies to have their financial statement audits completed and submitted to the Ministry within the required reporting timelines.	• Regulation 156/18 of the *Child, Youth and Family Services Act, 2017* states that a society shall provide its audited financial statements to the Minister on or before the last day of the fourth month following the end of its fiscal year, e.g., on or before July 31st. • The ministry works collaboratively with all societies to meet this requirement; however, the challenges of COVID-19 have led the ministry to provide additional flexibility on reporting timelines for all our TP Recipients, including societies.	N/A
4	We recommend that the Treasury Board Secretariat work with the ministries that have contaminated site liabilities to: • implement a uniform approach across all ministries to ensure that all identified contaminated sites are evaluated consistently across the province; and • review contaminated sites annually to determine where new detailed environmental assessments need to be completed or where estimated liabilities need to be updated to reflect changes in cost estimates, technology, remediation strategies, site conditions, environmental standards or other relevant factors	• Ministries with direction from the Inter-ministerial Contaminated Sites Assistant Deputy Ministers' Steering Committee are currently reviewing existing processes related to the liabilities for different sites and groups of sites.	• The results of these reviews will inform the next steps in accessing the feasibility and cost implications of implementing and communication a more uni-form approach for assessing liabilities on an annual basis, considering the unique traits and the varying governing legislation for different sites and groups of sites. • The review is anticipated to be completed in Q2 2022-23 (September of 2022).