

The Standing Committee on Public Accounts

1.0 Role of the Public Accounts Committee

The Standing Committee on Public Accounts (Public Accounts Committee) is empowered to review and report to the Legislative Assembly its observations, opinions and recommendations on reports from the Auditor General and on the Public Accounts. These reports are deemed to have been permanently referred to the Public Accounts Committee as they become available. The Public Accounts Committee examines, assesses and reports to the Legislative Assembly on a number of issues, including the economy and efficiency of government and broader-public-sector operations, and the effectiveness of government programs in achieving their objectives.

Under sections 16 and 17 of the *Auditor General Act*, the Public Accounts Committee may also request that the Auditor General examine any matter in respect of the Public Accounts or undertake a special assignment on its behalf.

The Public Accounts Committee holds hearings throughout the year when the Legislature is in session relating to matters raised in our reports and may present its observations and recommendations from hearings in its reports to the Legislative Assembly.

2.0 Appointment and Composition of the Public Accounts Committee

Members of the Public Accounts Committee are appointed by a motion of the Legislature. The number of members from any given political party reflects that party's representation in the Legislative Assembly. All members except the Chair may vote on motions, while the Chair votes only to break a tie. The Public Accounts Committee is normally established for the duration of the Parliament, from the opening of its first session immediately following a general election to its dissolution. Based on the Standing Orders, the Chair of the Public Accounts Committee is a member of the official opposition. In March 2021, the Standing Orders were amended such that where a Chair of a Standing Committee is a member of the official opposition, the Vice-Chair should be a member of the government party. Historically, as a practice both the Chair and Vice-Chair of the Standing Committee on Public Accounts were members of the official opposition. The Standing Order that requires the Chair of Public Accounts Committee to be a member of the official opposition was first put in place in 1986. Prior to March 2021, the Standing Orders were silent on the party affiliation requirements of Vice-Chairs.

Prior to the dissolution of the 42nd Parliament, the members of the Public Accounts Committee were as follows:

- **Taras Natyshak**, Chair, New Democrat (effective February 17, 2021)
- **Christine Hogarth**, Vice-Chair, Progressive Conservative (effective October 27, 2021)
- **Deepak Anand**, Progressive Conservative (appointed March 2, 2020)
- **Toby Barrett**, Progressive Conservative (appointed November 28, 2018)
- **Jessica Bell**, New Democrat (appointed February 16, 2021)
- **Stephen Blais**, Liberal (appointed October 1, 2020)
- **Stephen Crawford**, Progressive Conservative (appointed October 28, 2019)
- **Rudy Cuzzetto**, Progressive Conservative (appointed February 16, 2021)
- **Michael Mantha**, New Democrat (appointed October 25, 2021)
- **Michael Parsa**, Progressive Conservative (appointed July 26, 2018)
- **Amarjot Sandhu**, Progressive Conservative (appointed October 20, 2021)

In accordance with the Standing Orders of the Legislative Assembly and following the June 2022 election, Public Accounts Committee members were appointed on August 10, 2022. The Chair and Vice-Chair were elected on August 22, 2022, at the Public Accounts Committee's first meeting of the 43rd Parliament. There was a membership change on August 23, 2022. The Public Accounts Committee membership is as follows:

- **Tom Rakocevic**, Chair, New Democrat (effective August 22, 2022)
- **Donna Skelly**, Vice-Chair, Progressive Conservative (effective August 22, 2022)
- **Will Bouma**, Progressive Conservative (appointed August 10, 2022)
- **Rick Byers**, Progressive Conservative (appointed August 10, 2022)

- **Lucille Collard**, Liberal (appointed August 10, 2022)
- **Stephen Crawford**, Progressive Conservative (appointed August 10, 2022)
- **Rudy Cuzzetto**, Progressive Conservative (appointed August 10, 2022)
- **France G  linas**, New Democrat (appointed August 10, 2022)
- **Logan Kanapathi**, Progressive Conservative (appointed August 10, 2022)
- **Todd J. McCarthy**, Progressive Conservative (appointed August 10, 2022)
- **Laura Smith**, Progressive Conservative (appointed August 10, 2022)
- **Lise Vaugois**, New Democrat (appointed August 23, 2022)

3.0 Auditor General's Advisory Role with the Public Accounts Committee

In accordance with section 16 of the *Auditor General Act*, at the request of the Public Accounts Committee, the Auditor General, who may be accompanied by senior staff, attends Public Accounts Committee meetings to assist with its reviews and hearings relating to our reports and Ontario's Public Accounts.

Subsequent to the June 2022 election, after a new Committee was formed, it appeared as though the Committee would continue to operate the way it had in the past. However, when the new Committee met on November 14, 2022, a motion was passed that the Auditor General and staff of the Office of the Auditor General of Ontario only appear before the Standing Committee on Public Accounts as witnesses upon the invitation of the Committee for the purposes of briefing the Committee and answering the Committee's questions on reports and on other occasions on the Committee's agreement for the purposes of supplementary briefings. It was also adopted by the Committee that when a meeting is held in closed

session, the attendance of the Auditor General and supporting staff shall be limited to that portion of the meeting in respect of which the Auditor General has been invited to appear as a witness. Historically, the Auditor General and supporting staff have attended Public Accounts Committee meetings in their entirety to assist with its reviews and hearings as an advisor. It is unclear what this will mean for the continued effectiveness of the Committee going forward.

4.0 Public Accounts Committee Procedures and Operations

The Public Accounts Committee meets weekly when the Legislative Assembly is sitting and, with the approval of the House, meet at any other times of its choosing. When the Legislature returned from the 2022 general election, the meeting day for the Public Accounts Committee was changed from Wednesdays to Mondays. Meetings have been held on Wednesdays since May 2008.

All meetings are generally open to the public except for those dealing with setting the Public Accounts Committee's agenda and the preparation of its reports. All Public Accounts Committee proceedings that are open to the public are recorded in Hansard, the official substantially verbatim report of debates, speeches and other Legislative Assembly proceedings.

The Public Accounts Committee identifies matters of interest from our reports and conducts hearings on them. It typically reviews value-for-money reports, the Public Accounts chapter, and follow-up reports. Normally, each of the political parties annually selects three to six audits or other sections from our current or past audits for Public Accounts Committee review.

At each hearing, the Auditor General and a Research Officer from Legislative Research brief the Public Accounts Committee on the applicable report. A briefing package is prepared by the Research Officer that includes the responses to report recommendations from the relevant ministry, Crown agency or broader-public-sector organization that was the subject of the audit or review. The Public Accounts Committee

typically requests senior officials from the auditee(s) to appear at the hearings and respond to the Public Accounts Committee's questions. Because our reports deal with operational, administrative and financial matters (rather than policy), ministers are generally not asked to attend as witnesses. Once the Public Accounts Committee's hearings are completed, the Research Officer may prepare a draft report pursuant to the Public Accounts Committee's instructions, as the Public Accounts Committee typically reports its findings and recommendations to the Legislative Assembly.

In addition, the Clerk, at the direction of the Public Accounts Committee, requests those auditees of audit reports that were not selected for hearings to provide the Public Accounts Committee with an update of the actions taken to address our recommendations and other concerns raised in our reports.

5.0 Meetings Held

The Public Accounts Committee held 14 meetings between November 2021 and October 2022 (20 meetings were held between November 2020 and October 2021). Topics addressed at these meetings included Acute-Care Hospital Safety and Drug Administration, Virtual Care, Public Accounts of the Province, Emergency Management, Retirement Homes Regulatory Authority, Blood Management, Electrical Safety Authority, Condominium Oversight, COVID-19 Economic Response and Supports for Business, COVID-19 Personal Protective Equipment Supply, Ontario Motor Vehicle Industry Council, and Laurentian University. Three of these meetings included hearings in which government and broader-public-sector witnesses were called to testify before the Public Accounts Committee and respond to questions regarding observations contained in our reports. Other meetings were spent on Public Accounts Committee business, writing the Public Accounts Committee's reports, or hearing briefings from the Auditor General. The Committee met in camera with officials from Laurentian University on December 1, 2021 and February 23, 2022.

6.0 Reports of the Public Accounts Committee

The Public Accounts Committee issues reports on its work for tabling in the Legislative Assembly. These reports summarize the information gathered by the Public Accounts Committee during its meetings, and include the Public Accounts Committee's comments and recommendations. Once tabled, all Public Accounts Committee reports are publicly available through the Clerk of the Public Accounts Committee or online at **ola.org**, as well as on our website at **auditor.on.ca**.

Public Accounts Committee reports typically include recommendations and a request that management of the ministry, agency or broader-public-sector organization provide the Public Accounts Committee Clerk with responses within a stipulated time frame. As of October 31, 2022, the Public Accounts Committee had tabled nine reports in the Legislature since we last reported on its activities in our *2021 Annual Report*:

- November 23, 2021: Outbreak Planning and Decision-Making (Chapter 2, Special Report on COVID-19 Preparedness and Management of the Office of the Auditor General of Ontario)
- December 8, 2021: Virtual Care: Use of Communication Technologies for Patient Care (*2020 Annual Report* of the Office of the Auditor General of Ontario)
- December 9, 2021: Request for a Speaker's Warrant to Produce Documents from Laurentian University
- February 22, 2022: Retirement Homes Regulatory Authority (*2020 Annual Report* of the Office of the Auditor General of Ontario)
- February 22, 2022: Blood Management and Safety (*2020 Annual Report* of the Office of the Auditor General of Ontario)
- February 22, 2022: Public Accounts of Ontario (*2020 Annual Report* of the Office of the Auditor General of Ontario)

- February 22, 2022: Emergency Management in Ontario – Pandemic Response (Chapter 1, Special Report on COVID-19 Preparedness and Management of the Office of the Auditor General of Ontario)
- February 22, 2022: Acute-Care Hospital Patient Safety and Drug Administration (**Section 3.01**, *2019 Annual Report* of the Office of the Auditor General of Ontario)
- April 7, 2022: Electrical Safety Authority (*2020 Annual Report* of the Office of the Auditor General of Ontario)

These reports addressed audits from our *2020 Annual Report* and our 2020 Special Reports on COVID-19 Preparedness and Management.

The writing of four other reports remaining from the 42nd Parliament are in progress. On October 18, 2021 the Sub-committee on Committee business met and decided to recommend to the full Committee that the reports in progress be completed. This recommendation was subsequently adopted by the full Committee on October 31, 2022. The reports in progress include:

- COVID-19 Economic Response and Supports for Small Businesses
- COVID-19 Personal Protective Equipment Supply
- Condominium Oversight in Ontario
- Ontario Motor Vehicle Industry Council

In our Follow-Up Volume this year, we include follow-ups on the recommendations the Public Accounts Committee made in 10 reports that were tabled in 2021 and early 2022 (Acute-Care Hospital Patient Safety and Drug Administration; Blood Management and Safety; Office of the Chief Coroner and Ontario Forensic Pathology Service; Retirement Homes Regulatory Authority; Virtual Care: Use of Communication Technologies for Patient Care; Waterfront Toronto; The Public Accounts of the Province of Ontario; COVID-19 Preparedness and Management Special Report Chapter 1: Emergency Management in Ontario – Pandemic Response; COVID-19 Preparedness and Management Special Report Chapter 2:

Outbreak Planning and Decision-making; Electrical Safety Authority). In each of these follow-up reports, you will find:

- the recommendations contained in the Public Accounts Committee’s report;
- the auditee’s responses to the Public Accounts Committee’s recommendations; and
- a table summarizing the status of each action from the Public Accounts Committee’s recommendations (for example, fully implemented, or in the process of being implemented).

In light of unprecedented pushback our Office received when conducting the audit of Laurentian University, as requested by the Standing Committee on Public Accounts, and similarly in light of the pushback from Laurentian University to the Public Accounts Committee’s requests for information, on December 9, 2021, the Standing Committee tabled a report in the Legislature titled Request for a Speaker’s Warrant to Produce Documents from Laurentian University, recommending that the House command and compel Dr. Robert Haché and Mr. Claude Lacroix of Laurentian University to produce to the Public Accounts Committee by February 1, 2022, the documents set out in Appendices A and B of the report. On December 9, 2021, the Legislative Assembly of Ontario voted unanimously to approve the issuance of rarely used Speaker’s Warrants to obtain the information requested by the Public Accounts Committee. The University resisted complying with the Speaker’s Warrants and filed a motion to stay the Speaker’s Warrants. On January 26, 2022, the Superior Court of Ontario denied the stay, with the exception of documents protected under existing court orders in the *Companies’ Creditors Arrangement Act*. While Laurentian did provide the Public Accounts Committee with many of the documents requested, as noted in our Special Report on Laurentian University, not all documents requested by the Public

Accounts Committee were provided, including all legal invoices.

7.0 Status of the Special Report on Laurentian University, as Requested by the Standing Committee on Public Accounts

Two sections of the *Auditor General Act* authorize the Auditor General to undertake additional special work. Under section 16, the Standing Committee on Public Accounts may resolve that the Auditor General must examine and report on any matter respecting the Public Accounts. Under section 17, the Legislative Assembly, the Standing Committee on Public Accounts or a minister of the Crown may request that the Auditor General undertake a special assignment. However, these special assignments are not to take precedence over the Auditor General’s other duties, and the Auditor General can decline such an assignment requested by a minister if he or she believes that it conflicts with other duties.

On April 28, 2021, the Public Accounts Committee passed a motion for our Office to “conduct a value-for-money audit on Laurentian University’s operations from the period of 2010 to 2020.” As a result of Laurentian’s consistent lack of co-operation and delays in allowing us our normal unfettered access to documents and people, it was unlikely we would be able to table our special audit report before the Legislature was dissolved for the general election. As a result, on April 13, 2022, we tabled the Preliminary Perspective on Laurentian University to assist the Standing Public Accounts Committee members who requested this work and the Legislature in obtaining a preliminary understanding of what led to the situation at Laurentian University. This work continued in 2022 and a final report was tabled on November 17, 2022.

8.0 Canadian Council of Public Accounts Committees

The Canadian Council of Public Accounts Committees (CCPAC) consists of delegates from federal, provincial and territorial public accounts committees across Canada. CCPAC holds a joint annual conference with the Canadian Council of Legislative Auditors to discuss issues of mutual interest.

The 43rd annual conference was in person in Ottawa, Ontario on August 28 to 30, 2022. Next year, the 44th annual conference will be held in Whitehorse, Yukon.

9.0 Follow-Up on the Recommendations of the Standing Committee of Public Accounts

The Standing Committee on Public Accounts (Committee) holds hearings throughout the year when the Legislature is in session on chapters in our Annual Reports or our special reports, and presents its observations and recommendations in its own reports that it tables in the Legislative Assembly. The ministries, agencies of the Crown and organizations in the broader public sector are responsible for implementing the recommendations made by the Committee; our role is to independently express a conclusion on the progress that the audited entity made in implementing the actions contained in those recommendations.

This year we followed up on the status of the implementation of the Committee's recommendations from 10 Committee reports tabled between April 2021 and April 2022. Our objective is to provide the Committee with information on the actions being taken by audited entities to provide the requested information and address the recommendations that the Committee made in its reports to the Legislature.

We conduct our follow-up work and report on the results in accordance with the applicable Canadian Standards on Assurance Engagements—Direct Engagements issued by the Auditing and Assurance Standards

Board of the Chartered Professional Accountants of Canada. Our Office complies with the Canadian Standard on Quality Control. We comply with the independence and other ethical requirements of the Code of Professional Conduct issued by Chartered Professional Accountants of Ontario, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our follow-up work consists primarily of inquiries and discussions with the government, the relevant ministries or broader-public-sector entities, a review of their status reports, and a review of selected supporting documentation. In a few cases, internal auditors also assist us with this work. The procedures performed in this work vary in nature and timing from an audit and do not extend as far. As this is not an audit, we cannot provide a high level of assurance that the corrective actions described have been implemented effectively. The actions taken or planned may be more fully examined and reported on in future audits. Status reports will factor into our decisions on whether future audits should be conducted in these same areas.

As noted in **Figure 1**, progress has been made toward implementing 85% of the Committee's 256 recommended actions, including 111.7 or approximately 44% of them that have been fully implemented, which is a slight decrease in the number of actions that were fully implemented in our *2021 Annual Report* (51%). The Ministry of Health and Ontario Health fully implemented 71% of the recommended actions in the Committee's report on Virtual Care: Use of Technologies for Patient Care, and the Ministry of Public and Business Service Delivery and Electrical Safety Authority made progress on 100% of the recommended actions in the Committee's report on the Electrical Safety Authority.

However, there has been little or no progress on 9% of the Committee's recommended actions. In particular, we found that the Ministry of Health has made little or no progress on implementing 7 (or 30%) of the 23 actions, while hospitals have made little or no progress on implementing 12% of the recommended actions in the Committee's report on the Acute-Care Hospital Patient Safety and Drug Administration. For instance, the

Ministry had only met with Ontario Health in September 2022 to discuss an approach on tracking hospital never-events data in the hospitals sector, which subsequently provided a draft plan for the collection of never-event data that is currently under review. Likewise, hospitals had not yet begun to track and report the number and types of never-events to the Ministry and to the public, as they informed us that they were awaiting direction from the Ministry of Health to report these never-events through a formal reporting system. The Ministry had also not yet collected Accreditation Canada reports from hospitals to review and identify areas where hospitals may consistently not be meeting required patient safety practices and high-priority criteria.

A further eight (or just over 3%) of the Committee's recommended actions will not be implemented, and five (or just over 2%) are no longer applicable.

The Office of the Chief Coroner and Ontario Forensic Pathology Service informed us that they will not be implementing 1.5 out of 15 (or 10%) of recommended actions from the Committee's report on the Office of the Chief Coroner and Ontario Forensic Pathology Service. This includes recommendations to make the current implementation status of, and responses to, recommendations made by coroner inquests and death review committees publicly available online. The Office of the Chief Coroner and Ontario Forensic Pathology Service took the position that the public should make their own inquiries on the implementation status directly to the receiving government body or organization, and noted the increased costs for monitoring, translating and posting the implementation status and responses to recommendations made by coroner inquests and death review committees.

The Ministry of Health informed us that they will not be implementing 1 out of 23 (or 4%) of the recommended actions from the Committee's report on Acute-Care Hospital Patient Safety and Drug Administration. The Ministry of Health informed us that it will not implement the Committee's recommended action to ensure that annual funding to hospitals is sufficient to address chronic overcrowding because hallway health care and chronic hospital overcrowding

is a multi-faceted problem that requires complex solutions and initiatives across the broader health sector and ministries, and is not limited to annual funding to hospitals. Moreover, certain hospitals indicated that they will not be implementing various action items that account for 9% of the recommended actions. This includes recommendations to:

- set a formal target to eliminate the occurrence of never-events and include this target in their Quality Improvement Plans;
- use the National Council of State Boards of Nursing public database to determine whether nurses they employ have faced disciplinary actions in the United States, instead of only relying on the nurses' registration and disciplinary status with the College of Nurses of Ontario and rely on nurses truthfully answering on their application on whether he or she held a nursing licence or practiced in a jurisdiction other than Ontario;
- implement the practice of making nursing shift changes at the patients' bedside;
- evaluate and further the adoption of additional methods to assess and monitor hand hygiene; and
- incorporate the specific words "patient safety" into their mission, vision and/or as one of their core values.

Two other recommended action items that will not be implemented are from the report on COVID-19 Preparedness and Management Chapter 2: Special Report on Outbreak Planning and Decision-Making. The Ministry of Health informed us that it would not implement the Committee's recommended action to review who is best equipped to serve as chairs and/or co-chairs of the Regional Steering Committees, including the appointment of local Medical Officers of Health from the public health units as co-chairs of their respective Regional Steering Committees. The Ministry also informed us that it would not implement the Committee's recommended action to require the Health Coordination Table to prepare meeting minutes that document key decisions made, including advice to the Minister of Health and Cabinet, as the Ministry believes

that the Health Coordination Table is not a decision-making table.

Two other recommended actions that will not be implemented are from the report on the Retirement Homes Regulatory Authority. The Ministry for Seniors and Accessibility informed us that it would not implement the Committee's recommended action to publish performance indicators and data on alternative level of care patients and subsidized beds in retirement homes on a regular basis and on all other retirement home residents that are waiting for placements in

long-term-care homes. The Ministry indicated that the Retirement Homes Regulatory Authority does not have data on bed occupancy, length of stays and percentage of residents admitted to long-term-care homes, and does not manage or have oversight with respect to long-term-care wait lists or wait time. Instead the Ministry requested the Committee to redirect these two recommendations to the Ministry of Health, the Ministry of Municipal Affairs and Housing, and the Ministry of Long-Term Care.

Figure 1: Overall Status of Implementation of Recommendations from the Standing Committee on Public Accounts

Prepared by the Office of the Auditor General of Ontario

Report Section	# of Recs	# of Actions Recommended	Status of Actions Recommended				
			Fully Implemented	In Process of Being Implemented	Little or No Progress	Will Not Be Implemented	No Longer Applicable
3.01 Acute-Care Hospital Patient Safety and Drug Administration (Ministry of Health) Tabled June 2021	13	23	3	12	7	1	0
3.01 Acute-Care Hospital Patient Safety and Drug Administration (Hospitals) Tabled June 2021	10	17	10.22	0.76	1.98	1.60	2.44
3.02 Blood Management and Safety Tabled May 2021	13	31	7	22	2	0	0
3.03 Office of the Chief Coroner and Ontario Forensic Pathology Service Tabled October 2020	11	15	9.5	4	0	1.5	0
3.04 Retirement Homes Regulatory Authority Tabled April 2021	30	64	22	32	8	2	0
3.05 Virtual Care: Use of Communications Technologies for Patient Care Tabled May 2022	13	28	20	8	0	0	0
3.06 Waterfront Toronto Tabled December 2019	5	13	6	4	0	0	3
3.07 The Public Accounts of Ontario Tabled March 2021	5	6	1	5	0	0	0
3.08 COVID-19 Preparedness and Management Special Report Chapter 1: Emergency Management in Ontario – Pandemic Response Tabled April 2021	6	7	0	7	0	0	0
3.09 COVID-19 Preparedness and Management Special Report Chapter 2: Outbreak Planning and Decision-making Tabled March 2021	8	25	16	2	5	2	0
3.10 Electrical Safety Authority Tabled October 2021	13	27	17	10	0	0	0
Total	127	256	111.72	106.76	23.98	8.10	5.44
%	—	100	43.6	41.7	9.4	3.2	2.1

Review of Government Advertising

Advertising Defined as Partisan by Original *Government Advertising Act, 2004* Increases Significantly

The Office of the Auditor General has been reviewing government advertising and related government spending each year since 2005 when the *Government Advertising Act, 2004* (Act) was proclaimed.

In the fiscal year ending March 31, 2022, the government spent \$69.33 million (see **Figure 1**) on advertising, a reduction of just over \$10 million from the previous fiscal year when spending on government advertising in Ontario reached an all-time high of \$79.36 million. See **Figure 2** for

Figure 1: Advertising Expenditures Reviewable and Exempt from Auditor General Review, 2021/22

Prepared by the Office of the Auditor General of Ontario

Government Advertising	Cost (\$ million)
Reviewed by the OAGO as required by the <i>Government Advertising Act, 2004</i>	58.49
Not reviewed by our Office due to Regulation 143/15 covering social media	7.87
Not reviewed by our Office due to Regulation 143/15 covering search-marketing services	2.97
Total*	69.33

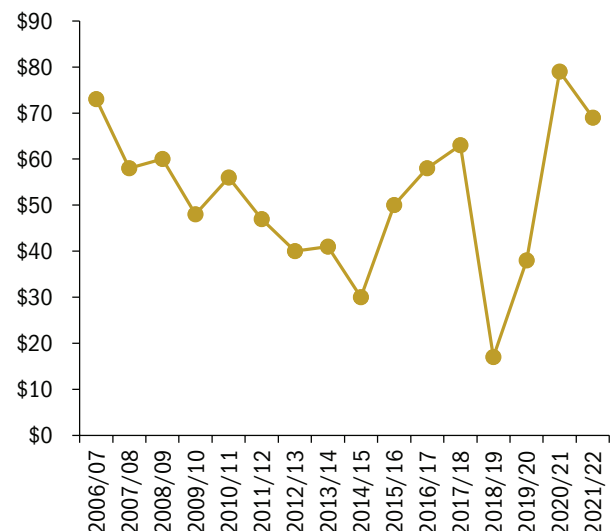
* May not add due to rounding.

expenditure comparisons over the last 15 years, from when the Act was proclaimed, up to and including March 31, 2022.

Similarly to 2020/21, COVID-19 advertising campaigns collectively represented a significant proportion of total advertising dollars spent in the 2021/22 fiscal year. Ministry of Health (Ministry) advertising on COVID-19 vaccination and related initiatives totalled \$45.68 million, or 66% of all government advertising in 2021/22. This is a higher percentage of total government advertising dollars than the Ministry spent on COVID-19 awareness,

Figure 2: Trend in Government Advertising Expenditures, 2005/06–2021/22 (\$ million)

Source of data: Ontario ministries and Advertising Review Board



safety and other topics (\$46.51 million of \$79.36 million, or 59%) in 2020/21. See **Figure 3** for a list of COVID-19 health-related ad campaigns and the Ministry's spending on them.

Our Office noted two campaigns totalling about \$13.75 million—almost 20% of the total dollars spent on government advertising in 2021/22—including reviewable costs and social media and search marketing costs exempt by regulation from our review. These campaigns would have been

Figure 3: COVID-19 Campaigns, 2021/22

Source of data: Ontario Ministry of Health

Campaign	Expenditure (\$ million)
COVID-19 – Stay at Home/Your Turn Is Coming*	18.81
COVID-19 – Do Your Part	8.41
COVID-19 – Winter Safety	7.95
COVID-19 – Things We've Missed	4.74
COVID-19 – Roll Up Your Sleeves	2.1
COVID-19 – Last Mile	1.45
COVID-19 – Vaccine Receipts	1.29
COVID-19 – QR Code	0.93
Total	45.68

* Media costs for "Stay at Home" and "Your Turn Is Coming" campaigns were shared in 2021.

considered as partisan advertising by our Office under the original Act. Changes made to the Act in 2015, however, narrowed the definition of partisan, and therefore we were required to find these ads in compliance with the Act.

While the government's total spending on advertising in 2021/22 amounted to \$69.33 million, our Office reviewed \$58.49 million in costs for 117 submissions including 1,373 advertisements. Costs included both the purchase of advertising media and production costs. See the **Appendix** for a breakdown of reviewable advertising costs by each government ministry.

Some types of digital advertising, including ads on social media platforms and through search-marketing services, are exempt from our review according to the Act. In 2021/22, digital advertising in these media totalled \$10.85 million.

The top 10 advertising campaigns by expenditure for the 2021/22 fiscal year are listed in **Figure 4**. These campaigns accounted for \$63.47 million or about 92% of the total expenditure on advertisements in 2021/22. Our Office reviewed content created for reviewable forms of media for these campaigns, but did not review content created for social media and search-marketing services, as it is exempt by regulation from our review.

Figure 4: Top 10 Advertising Campaigns (\$) for 2021/22

Source of data: Ontario government ministries

Topic	Ministry	Expenditure ¹ (\$ million)
COVID-19 – Stay at Home/Your Turn Is Coming ²	Health	18.81
Recovery and Relief ("Stronger Ontario")	Finance	13.45
COVID-19 – Do Your Part	Health	8.41
COVID-19 – Winter Safety	Health	7.95
COVID-19 – Things We've Missed	Health	4.74
Foodland Ontario ³	Agriculture, Food and Rural Affairs	3.53
COVID-19 – Roll Up Your Sleeves	Health	2.1
Careers in Caring	Long-Term Care	1.72
COVID-19 – Last Mile	Health	1.45
Service Ontario Online Renewal	Government and Consumer Services	1.31
Total		63.47

1. Expenditure totals include both reviewable and non-reviewable media.

2. Media costs for "Stay at Home" and "Your Turn Is Coming" campaign were shared in 2021.

3. Foodland Ontario total includes all in-year submissions for Foodland Ontario.

Our Office's Review under the *Government Advertising Act, 2004*

The Act, which took effect in late 2005, required the government to submit advertisements to the Auditor General for review to ensure, among other things, that they were not partisan. Only advertisements that passed this review could run.

This Act gave the Auditor General discretionary authority to determine what is partisan. Under this system, our Office took issue with a very small proportion (less than 1%) of ads, and approved the overwhelming majority of the thousands of advertisements submitted to us. When significant amendments to the Act were introduced by the government in 2015, we cautioned that these would weaken the Act and open the door to publicly funded partisan and self-congratulatory government advertisements on television and radio, in print and online.

The amendments imposed a specific and narrow definition of “partisan” as the only measure we could use in our reviews. Essentially, as long as the government avoids using the name, voice or image of an elected official or the logo of a political party, directly identifying and criticizing a recognized party or a member of the Assembly or including, to a significant degree, a colour associated with the governing party in an advertisement, the Auditor General cannot find it partisan under the Act. Our approval is still required under the amended Act before an advertisement can run; however, this approval is almost always automatic. The only other condition that must be met is that the ad must say it was paid for by the government of Ontario.

However, our Office continues to identify those advertisements that would not have passed our review under the former version of the Act.

Campaigns We Took Issue With in 2021/22

In fiscal 2021/22, we had concerns with 158 ads in two campaigns submitted to our Office by the

Ministry of Finance. Under the previous version of the Act, these ads would not have passed our review. However, we were required to find them in compliance under the current legislation.

Our Office concluded that many of the claims presented in these ads were broad and sweeping, and were not supported by evidence. The websites referred to did not provide detailed information about the plans noted in the ads. In our view, there was not sufficient need for spending on these ad campaigns, as none of these policies required any action from potential viewers of these ads to effect or implement the policy, and some policies and programs were only proposals. A description of these two ad campaigns follows.

- Fall Economic Statement campaign.** The 36 ads in English and French in this campaign directed Ontarians to a website that listed proposed investments announced in conjunction with the Fall Economic Statement. The purpose of the campaign, according to a document submitted to our Office, was to inform Ontarians about the Statement, promote “key themes” and make people “aware of how the government is managing the province’s finances.” However, in our view, the purpose of the ads was to foster a positive opinion of the government. The ads, which cost over \$300,000, state that “building Ontario will support a growing province” and “investments in skilled trades and new training opportunities will help people get new jobs” and that the government is “helping workers find good jobs in every region of the province” without context or substantiation. When we issued our compliance opinion, we noted our reservations to the submitting ministry.
- Recovery and Relief (“Ontario Is Getting Stronger”) campaign.** All 120 ads related to the Recovery and Relief campaign would not have passed our review under the former Act. This campaign represents \$13.45 million in advertising spending—one of the highest dollar value campaigns of any campaign in 2021/22—of the

\$69.33 million total, more than 19% of the government's spending on advertising in the fiscal year. Only the combined COVID-19 campaigns—"Stay at Home"/"Your Turn Is Coming"—had a higher dollar value. See **Figure 4** for the top 10 campaigns of 2021/22. This campaign utilized TV, radio, print, out-of-home (billboards, transit posters, etc.) and digital ads, including social media and search-marketing service ads exempt from our review, in English and French. In our view, the purpose of the campaign was to foster a positive impression of the government. The ads claimed "Ontario is getting stronger," "New highways, homes and public transit are being built for a growing province" and "Our economy is growing stronger than ever" without context or substantiation. They directed Ontarians to a website ([Ontario.ca/stronger](https://ontario.ca/stronger)) to help make Ontarians aware of programs and initiatives to assist them and to strengthen the economy from the effects of the COVID-19 pandemic, but the information on the website lacked detail. The purpose of the campaign, according to a document submitted to our Office, was to provide information to "address uneasiness that has grown throughout the pandemic and instill confidence in Ontario's short and medium-term future." Our Office met with staff from the Ministry of Finance and the Cabinet Office to express our concerns. As we were required to find the campaign in compliance due to the narrow definition of "partisan" in the current Act, we issued an "Approval with Qualification" clearly restating these concerns. Despite our efforts, the ads ran as planned for one month, immediately before a pre-writ period, during which government advertising is restricted, before the 2022 provincial election.

Pre-election Government Advertising

Amendments made in 2015 to the *Government Advertising Act, 2004* stipulate that the government cannot advertise as of the day when an election writ is issued. Additional changes made in 2016 to election financing rules placed further limits on when the government can advertise prior to a scheduled election: government advertising is now prohibited 60 days before the writ is issued. In both cases, these rules do not apply if the government determines that the advertising relates to a revenue-generating activity, is time-sensitive, or meets any other criteria that it may prescribe.

In the period leading up to the June 2, 2022, election, we noted that the government observed these statutory requirements. Government offices made 18 submissions to our Office for review of items they proposed to run in the pre-writ period (March 6, 2022, to May 3, 2022) and/or the writ period (May 4, 2022, to June 2, 2022).

Fifteen of these submissions clearly fell within the revenue-generating or time-sensitive categories. They included cancer screening and Lyme disease awareness ads, ads for parks and heritage sites, and international advertisements aimed at attracting investment to Ontario.

Three submissions, two relating to a new mental health initiative and one about economic investment in Ontario, were withdrawn when our Office questioned the assertion made by submitting ministries that the ads were time-sensitive.

COVID-19 Advertising

Ads relating to COVID-19 remained a significant factor in government advertising in 2021/22, as they had been since March 2020 when the pandemic was declared. Our Office acknowledged the urgent

nature of health-related COVID-19 advertising, and continued our commitment, made initially in 2020, to expedite approvals for COVID-19-related ads submitted by the Ministry of Health. This ensured our Office would be able to report annually on total expenditures for reviewable advertising as required by Section 2(g) of the *Auditor General Act*.

This fiscal year, our Office received 53 advertising submissions from the Ministry of Health for eight COVID-19 campaigns with a total of 614 ads. Of the total number of ads submitted in 2021/22, more than half were COVID-19 health-related ads. The Ministry also made significant use of the opportunity to extend advertising approval by our Office for a period of up to one year from the original approval by advising us of the nature and estimated cost of the extension. The Ministry advised our office of extensions to COVID-19 vaccination campaigns including “Stay at Home,” “Your Turn Is Coming,” “Do Your Part” and “Things We’ve Missed.” By value, health-related COVID-19 advertising added up to about 66% or \$45.68 million of all government advertising costs in 2021/22. These ads covered information about preventive health measures and vaccination initiatives. For information about COVID-19 health-related ad campaigns in 2021/22, see **Figure 3**.

Other Issues of Interest

Advertising on Digital Platforms, Especially Social Media, Plays a Greater Role

Our authority to review digital advertising came into effect with other changes made to the Act in June 2015. This type of advertising includes video, text, images and any combination of these that the government proposes to pay to have displayed on a website. However, at the same time, Regulation 143/15 came into force, limiting what types of digital advertising require our review. Our Office can review only digital ads displayed on a website “other than a social media website such as Facebook or Twitter.” As well, ads displayed as a result of the government

using a search-marketing service, such as Google AdWords, are not subject to our review.

In the 2021/22 fiscal year, the government spent a total of \$10.85 million on digital ads that were excluded from our review. This includes \$7.87 million on ads that ran on social media websites and \$2.97 million on search-marketing services. While this amount represents a decrease from 2020/21, it represents an increase in the percentage of total dollars spent on advertising from last year. In 2020/21, the government spent \$11.14 million on ads on social media websites and search-marketing services, or about 14% of the record-high \$79.36 million spent on all advertising that year. In 2021/22, the government spent \$10.85 million on these types of ads, or almost 16% of the \$69.33 million in total spending. **Figure 5** shows the trend in government spending on excluded digital advertising over the last five fiscal years.

In 2021/22, spending on digital advertising, not including agency fees, accounted for \$26.36 million, compared to \$39.50 million for all other types of advertising. More than 40% of that amount is exempt by regulation from our Office’s review. (See **Figure 6** for a breakdown by medium.) In 2020/21, as reported last year, the government’s use of, and spending on, all digital advertising was

Figure 5: Government Spending on Digital Advertising Exempt from Auditor General Review (\$ million)

Source of data: Ministry of Public and Business Service Delivery (2021/22) and Advertising Review Board (all other years)

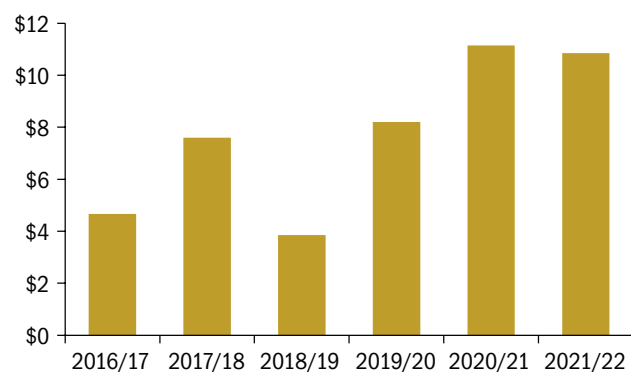
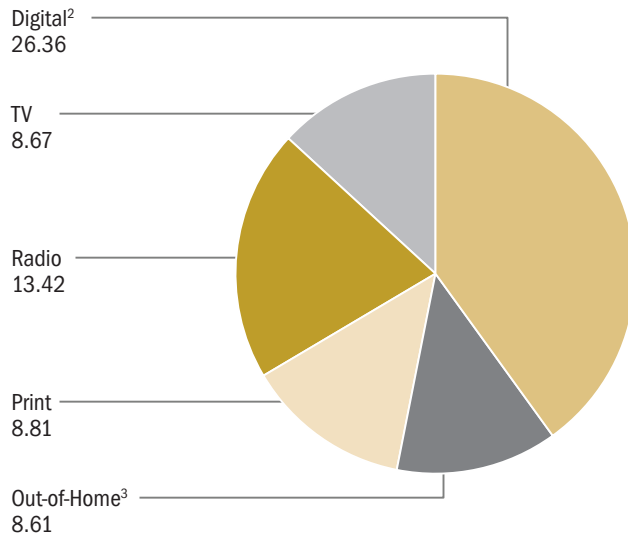


Figure 6: Advertising Expenditures by Medium¹ (\$ million)

Source of data: Ministry of Public and Business Service Delivery and other Ontario ministries



1. Amounts include fees for media only; agency fees are not included.

2. Includes media costs of all digital and social media advertising, and search marketing services (including those types that are exempt from our review); does not include agency fees and production costs.

3. Includes billboards, transit posters, digital screens, etc.

more than all of its spending on TV, radio, print and out-of-home advertising combined. In our view, given this significant trend, our Office should be required to review all digital ads the government pays for, without exception.

Overview of Our Compliance Function

What Falls under the Act

The Act applies to advertisements that government offices—specifically, government ministries, Cabinet Office and the Office of the Premier—propose to pay to have published in a newspaper or magazine, displayed on a billboard, displayed digitally in a prescribed form or manner, or broadcast on radio or television, or in a cinema. It also applies to printed

matter that a government office proposes to pay to have distributed to households in Ontario by undressed bulk mail or another method of bulk delivery. Advertisements meeting any of these definitions are known as “reviewable items” and must be submitted to our Office for review and approval before they can run.

The Act requires government offices to submit all reviewable items to our Office. They cannot publish, display, broadcast or distribute the item until the head of that office (usually the deputy minister) receives notice, or is deemed to have received notice, that the advertisement has been found in compliance with legislation.

If our Office does not render a decision within the five business days set out in regulation, then the government office is deemed to have received notice that the item complies with the Act and may run it.

If our Office notifies the government office that the item is not in compliance with the Act, the item may not run. However, the government office may submit a revised version of the rejected item for another review. Compliance approvals are valid for the life of the proposed media campaign.

In addition, all proposed ads planned for broadcast on television and in a cinema, along with bulk-distributed printed materials (householders), must be submitted in early versions for a preliminary review in each language in which the government intends to run them. After receiving a preliminary approval, the proposed advertisements must be resubmitted to our Office in their final form for approval. (Under the old Act, preliminary reviews were voluntary, and usually only ads in English were submitted for preliminary review. This was a more efficient process.)

The Act excludes from our review advertisements for specific government jobs (but not generic recruitment campaigns) and notices to the public required by law. Also exempt are advertisements on the provision of goods and services to a government office, and those regarding urgent matters affecting public health or safety.

The advertising done by government agencies is also exempt from the Act and thus our review. However, agencies' ads could be captured by the Act under a 2005 agreement with the government that gives us the authority to review third-party advertising if all three of the following criteria apply:

- A government office provided the third party with funds intended to pay part or all of the cost of publishing, displaying, broadcasting or distributing the item.
- The government office approved the content of the item.
- The government granted the third party permission to use the Ontario logo or another official provincial visual identifier in the item.

Revised Criteria for Proposed Advertisements

In conducting its review, the Auditor General's Office now determines only whether the proposed advertisement complies with the amended Act. The following are the requirements with which the advertisement must comply:

1. It must include a statement that it is paid for by the government of Ontario.
2. It must not be partisan. The revised Act says an item is "partisan" only if it:
 - includes the name, voice or image of a member of the Executive Council or of a member of the Assembly (unless the item's primary target audience is located outside of Ontario);
 - includes the name or logo of a recognized party;
 - directly identifies and criticizes a recognized party or a member of the Assembly; and/or
 - includes, to a significant degree, a colour associated with the governing party.

We have no authority to consider any other factors, such as factual accuracy, context or tone, to determine whether an item is partisan.

Other Review Protocols

Since assuming responsibility for the review of government advertising in 2005, our Office has worked with the government to clarify procedures to cover areas where the Act is silent. In April 2019, our Office posted updated Government Advertising Review Guidelines. These Guidelines are intended to help government staff comply with the Act. They detail the submission, review and approval process, and reflect legal requirements, practices and conventions. The Guidelines can be found at www.auditor.on.ca/en/content/adreview/adreview.html.

What follows is a brief description of the significant areas that have been clarified over the years.

Websites Used in Advertisements

Although government websites were not specifically referred to in the original Act, we took the position that a website or similar destination whose link is used in an advertisement is an extension of the advertisement. Following discussions, our Office came to an agreement with the government soon after the legislation was passed that the first page, or "click," of a website cited in a reviewable item would be included in our review.

We continue to consider the content only of the first click, unless it is a gateway page or lacks meaningful content, in which case we review the next page. We examine the page for any content that does not meet the standards of the amended Act. For example, the page must not include a minister's name or photo, or the name or logo of a recognized party.

Social Media Used in Advertisements

The government has significantly increased its presence on social media platforms over the last decade. Our Office receives advertisements for approval that at times use icons leading the user to the government's presence on various social media, such as Facebook and Twitter.

Although the original Act was silent on the use of social media, we reached an agreement with the government in 2012 that we would perform an initial scan of any social media page cited in an ad to ensure that the standards of the Act are being followed, in the same way that we examine websites referenced in ads. We recognize that content changes frequently and can be beyond the control of the government office, so our limited review focuses only on the content that the government office controls.

However, the government's social media accounts and any content that its administrators post to it do not constitute reviewable advertising under the Act.

The Future of Our Office's Role in Government Advertising

Amendments to the Act in 2015 did away with our Office's discretionary authority to determine what constitutes partisan advertising. These amendments weakened the Act and paved the way for potential publicly paid partisan advertising by government. We will continue to identify those advertisements that would not have passed our review under the former version of the Act.

RECOMMENDATION 1

We recommend that the previous version of the *Government Advertising Act, 2004* that appeared on June 3, 2015 be reinstated, but also include the amendment that added digital advertising as a reviewable medium.

TREASURY BOARD RESPONSE

The government continues to ensure the Office of the Auditor General reviews and approves advertising spends under the guidelines as set out in the Act.

The government 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.

The government is maintaining the status quo at this time.

RECOMMENDATION 2

We recommend that the government amend Regulation 143/15 to require the Office of the Auditor General of Ontario to review all digital advertising paid for by the government, with no exceptions.

TREASURY BOARD RESPONSE

Under the *Government Advertising Act, 2004* the Office of the Auditor General continues to review and approve all advertising spends as set out in the Act.

Paid social advertising usually forms part of any government marketing campaign. Social assets created for the campaigns provide the same message and look and feel as those created for print, multicultural, video and digital banner ads, which are all reviewable under the Act.

The government is maintaining the status quo at this time.

Appendix: Expenditures for Reviewable Advertisements under the *Government Advertising Act*, 2004, April 1, 2021–March 31, 2022¹

Source of data: Ontario government ministries

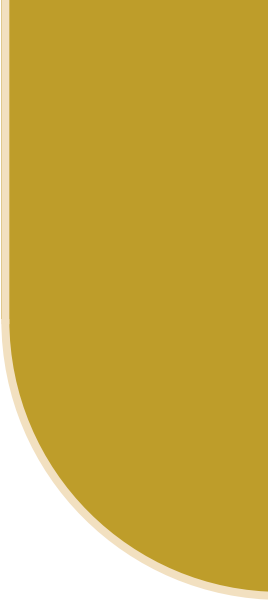
Ministry ²	# of Submissions	# of Items	Agency Fees and Production Costs (\$)	Media Costs (\$)				Total (\$)
				TV and Cinema	Radio	Print	Digital	
Agriculture, Food and Rural Affairs	11	88	990,627	368,035	1,255,451	305,009	235,494	3,154,616
Economic Development, Job Creation and Trade	4	16	197,304	-	-	-	286,274	483,578
Education	6	67	47,541	154,362	286,039	-	121,159	609,101
Finance	12	191	1,527,490	2,025,872	1,653,620	1,152,732	3,017,788	12,330,449
Government and Consumer Services	5	105	32,251	-	669,077	265,499	213,017	1,179,844
Health ⁴	61	730	643,590	6,121,935	8,872,296	7,020,880	11,065,115	39,377,149
Heritage, Sport, Tourism and Culture Industries	4	26	24,316	-	-	39,564	111,535	175,415
Labour, Training and Skills Development	1	2	-	-	-	13,500	-	13,500
Long-Term Care	5	41	-	-	666,540	-	442,208	1,108,748
Northern Development, Mines, Natural Resources and Forestry	6	105	5,880	-	17,132	9,876	20,000	53,288
Solicitor General	2	2	-	-	-	-	192	192
Total	117	1,373	3,468,999	8,670,204	13,420,155	8,807,060	15,512,782	58,485,880

1. The *Auditor General Act* requires our Office to report annually on expenditures for advertising and printed matter reviewable under the *Government Advertising Act*, 2004 (Act). In order to verify completeness and accuracy, we may review selected payments and supporting documentation. We may also examine compliance relating to the sections of the Act dealing with submission requirements and use of advertisements during the Auditor General's review.

2. Only government ministries that incurred advertising costs are included.

3. Includes billboards, transit posters, digital screens, etc.

4. Data does not include two submissions made in 2021/22 where costs were to be incurred in 2022/23 only. Financial data includes costs incurred in 2021/22 relating to ad extensions granted for 2020/21 submissions.



Office of the Auditor General of Ontario Operations Report

The Office of the Auditor General of Ontario (Office) serves the Legislative Assembly and the citizens of Ontario by conducting value-for-money, financial, information technology, governance and special audits, reviews and investigations, and reporting on them. In so doing, the Office helps the Legislative Assembly hold the government, its administrators, government agencies, Crown-controlled corporations and grant recipients accountable for how prudently they spend public funds, and for the value they obtain for the money spent on behalf of Ontario taxpayers.

The work of the Office is performed under the authority of the *Auditor General Act*. In addition, under the amended *Government Advertising Act, 2004*, the Auditor General is responsible for reviewing and approving certain types of proposed government advertising for compliance with this act. Also, we have a requirement to report on certain government reporting under the *Fiscal Sustainability, Transparency, and Accountability Act, 2019*, and in a year in which a regularly scheduled election is held, the Auditor General is required to review and deliver an opinion on the reasonableness of the government's multi-year fiscal plan with its expectations for the financial performance of the Province over the next three fiscal years. On May 2, 2022, our report on the Review of the Pre-Election 2022 Multi-Year Fiscal Plan was tabled.

On April 1, 2019, the *Restoring Trust, Transparency and Accountability Act, 2018* transferred many of the responsibilities of the former Office of the Environmental Commissioner of Ontario to the Office of the

Auditor General of Ontario. A Commissioner of the Environment, appointed by the Auditor General, works as an Assistant Auditor General reporting directly to the Auditor General. The Office conducts audits of government programs that impact the environment under the same processes as the Office's value-for-money audits and has additional reporting responsibilities with respect to the operation of the *Environmental Bill of Rights, 1993*. The Office is also able to report on energy conservation, greenhouse gas emissions reductions and any other environmental subjects the Auditor General considers appropriate to conduct work on and report on to the Legislative Assembly.

All five acts can be found at www.e-laws.gov.on.ca.

General Overview

Value-for-Money Audits

About 75% of the Office's work relates to value-for-money auditing, which assesses how well a given "auditee" (the entity that we audit) manages and administers its programs or activities. Value-for-money audits delve into the auditee's underlying operations to assess the level of service being delivered to the public and the relative cost-effectiveness of that service. The Office has the authority to conduct value-for-money audits of the following entities:

- Ontario government ministries;
- Crown agencies;

- Crown-controlled corporations;
- designated administrative authorities; and
- organizations in the broader public sector that receive government grants (for example, agencies that provide mental-health services, children's aid societies, community colleges, hospitals, long-term-care homes, school boards and universities).

The *Auditor General Act* (Act) [in subclauses 12(2)(f)(iv) and (v)] identifies the three criteria to be considered in a value-for-money audit:

- Money should be spent with due regard for economy.
- Money should be spent with due regard for efficiency.
- Appropriate procedures should be in place to measure and report on the effectiveness of programs.

The Act requires that the Auditor General report on any instances she may have observed where these three value-for-money criteria have not been met. More specific criteria that relate directly to the operations of the particular ministry, program or organization being audited are developed for each value-for-money audit.

The Act also requires that the Auditor General report on instances where the following was observed:

- Accounts were not properly kept or public money was not fully accounted for.
- Essential records were not maintained or the rules and procedures applied were not sufficient to:
 - safeguard and control public property;
 - effectively check the assessment, collection and proper allocation of revenue; or
 - ensure that expenditures were made only as authorized.
- Money was expended for purposes other than the ones for which it was appropriated.

Assessing the extent to which the auditee complies with the requirement to protect against these risks is generally incorporated into both value-for-money audits and "attest" audits (discussed in the **Attest Audits** section). Other compliance work that is also typically included in value-for-money audits includes

determining whether the auditee adheres to key provisions in legislation and the authorities that govern the auditee or the auditee's programs and activities.

The establishment of government programs and activities is the result of government policy decisions. Thus, our value-for-money audits focus on how well management is administering and executing government policy decisions, uses best practices and is aware of practices in other jurisdictions. It is important to note, however, that in doing so we do not comment on the merits of government policy. Rather, the Legislative Assembly holds the government accountable for policy matters by continually monitoring and challenging government policies through asking questions during legislative sessions and conducting reviews of legislation and expenditure estimates.

In planning, performing and reporting on our value-for-money audit work, we follow the relevant professional standards established by the Chartered Professional Accountants of Canada. These standards require that we have processes for ensuring the quality, integrity and value of our work. Some of the processes we use are described in the following sections.

Selecting What to Audit

The Office audits significant ministry programs and activities, organizations in the broader public sector, Crown agencies, Crown-controlled corporations and designated authorities. Audits are selected using a risk-based approach. Since our mandate expanded in 2004 to allow us to examine organizations in the broader public sector, our audits have covered a wide range of topics in sectors such as health (hospitals, long-term-care homes, Community Care Access Centres and mental-health service providers); education (school boards, colleges and universities); and social services (children's aid societies and social-service agencies), as well as several large Crown-controlled corporations.

In selecting what program, activity or organization to audit each year, we assess how great the risk is that an auditee is not meeting the three value-for-money criteria mentioned previously, plus environmental

considerations, and the potential negative consequences of those risks to the public it serves. Some of the factors we consider in making this assessment include the following:

- the impact of the program, activity or organization on the public;
- the total revenues or expenditures involved;
- the complexity and diversity of the auditee's operations;
- the results of previous audits and related follow-ups;
- recent significant changes in the auditee's operations; and
- the impact of the program, activity or organization on the environment.

We also consider work conducted by the auditee's internal auditors, and may rely on, or reference, that work in performing our audit. Depending on what that work consists of, we may defer an audit or change our audit's scope to avoid duplication of effort. In cases where we do not reduce the scope of our audit, we still use and reference the results of internal audit work in our audit report.

Setting Audit Objectives, Audit Criteria and Assurance Levels

When we begin an audit, we set an objective for what the audit is to achieve. We then develop suitable audit criteria to evaluate the design and operating effectiveness of key systems, policies and procedures to address identified risks. Developing these criteria involves:

- extensive research on work done by recognized bodies of experts;
- other organizations or jurisdictions delivering similar programs and services;
- management's own policies and procedures;
- applicable criteria used in other audits; and
- applicable laws, regulations and other authorities.

To further ensure their suitability, the criteria we develop are discussed with the auditee's senior management at the planning stage of the audit.

The next step is to design and conduct tests so that we can reach a conclusion regarding our audit objective, and make relevant and meaningful observations and recommendations. Each audit report has a section titled "Audit Objective and Scope," in which the audit objective is stated and the scope of our work is explained. As required under the Act, we also report on circumstances where information was either difficult to obtain or not available for our review.

We plan our work so that we can obtain and provide assurance at an "audit level"—the highest reasonable level of assurance we can obtain. Specifically, an audit level of assurance is obtained by interviewing management and analyzing information that management provides; examining and testing systems, procedures and transactions; confirming facts with independent sources; and, where necessary because we are examining a highly technical area, obtaining independent expert assistance and advice. We also use professional judgment in much of our work.

Standard audit procedures are designed to provide a reasonable level of assurance that the audit will identify significant matters and material deviations. Certain factors make it difficult for audit tests to identify all deviations. For example, we may conclude that the auditee had a control system in place for a process or procedure that was working effectively to prevent a particular problem from occurring, but that auditee management or staff might be able to circumvent such control systems, so we cannot guarantee that the problem will never arise.

With respect to the information that management provides, under the Act we are entitled to access all information and records necessary to perform our duties.

Infrequently, the Office will perform a review rather than an audit. A review provides a moderate level of assurance, obtained primarily through inquiries and discussions with management; analyses of information provided by management; and only limited examination and testing of systems, procedures and transactions. We perform reviews when:

- it would be prohibitively expensive or unnecessary to provide a higher level of assurance; or

- other factors relating to the nature of the program or activity make it more appropriate to conduct a review instead of an audit.

Communicating with Management

To help ensure the factual accuracy of our observations and conclusions, staff from our Office communicate with the auditee's senior management throughout the value-for-money audit or review. Early in the process, our staff meet with management to discuss the objective, criteria and focus of our work in general terms. During the audit or review, our staff meet with management to update them on our progress and ensure open lines of communication.

At the conclusion of our on-site work, we brief management on our preliminary results. A conditional draft report is then prepared and provided to and discussed with the auditee's senior management, who provide written responses to our recommendations. These are discussed and incorporated into the draft report, which the Auditor General finalizes with the deputy minister or head of the agency, corporation or grant-recipient organization, after which the report is published as part of the Auditor General's Annual Report. In compliance with Chartered Professional Accountants Canada Standards, letters of representation are signed by senior management confirming they have provided and disclosed to our Office all relevant information pertaining to the audit.

Special Reports

As required by the Act, the Office reports on its audits in an Annual Report to the Legislative Assembly. In addition, under section 12(1), the Office may make a special report to the Legislature at any time, on any matter that, in the opinion of the Auditor General, should not be deferred until the Annual Report.

Two other sections of the Act authorize the Auditor General to undertake additional special work. Under section 16, the Standing Committee on Public Accounts (Committee) may resolve that the Auditor

General examine and report on any matter regarding the Public Accounts. Under section 17, the Legislative Assembly, the Committee or a minister of the Crown may request that the Auditor General undertake a special assignment. However, these special assignments are not to take precedence over the Auditor General's other duties, and the Auditor General can decline such an assignment requested by a minister if she believes it conflicts with other duties.

In 2021, the Committee passed a motion requesting the Office to conduct an audit of Laurentian University. During the course of this audit, Laurentian University refused to provide us with access to privileged information, restricting our ability to interview staff and even obtain access to non-privileged information in some instances (particularly, restricting our access to emails).

Subsections 10(1) and (2) of the Act impose a duty on auditees to provide documents and information that the Auditor General believes are necessary to perform her duties under this Act. Under subsection 10(3), a disclosure to the Auditor General under subsection 10(1) or (2) does not constitute a waiver of solicitor-client privilege, litigation privilege or settlement privilege. The Office has historically obtained access to privileged information under subsections 10(1), (2) and (3) of the Act in the performance of our work. Maintaining the ability to access privileged information is important for the Office to prevent an auditee from hiding information we require to conduct an audit by calling non-privileged information, privileged. The Office has respected our access to privileged information and is guided in this regard by subsections 27.1(1), (2) and (3) of the Act.

The difficulties in obtaining information from Laurentian University have resulted in the Office expending significant time and effort as well as incurring significant unanticipated legal costs. On April 13, 2022, our special report Preliminary Perspective on Laurentian University was tabled in the Legislative Assembly. On November 17, 2022, our Special Report on Laurentian University was also tabled.

Attest Audits

Attest audits are examinations of an auditee's financial statements. In such audits, the auditor expresses her opinion on whether the financial statements present information on the auditee's operations in accordance with Canadian generally accepted accounting principles.

Compliance audit work is also often incorporated into attest audit work. Specifically, we assess the controls for managing risks related to improperly kept accounts; unaccounted-for public money; lack of record keeping; inadequate safeguarding of public property; deficient procedures for assessing, collecting and properly allocating revenue; and unauthorized expenditures.

The Auditees

Every year, we audit the consolidated financial statements of the Province and the financial statements of many agencies of the Crown. Specifically, the Act [in subsections 9(1), (2) and (3)] requires that:

- the Auditor General audit the accounts and records of the receipt and disbursement of public money forming part of the Province's Consolidated Revenue Fund, whether held in trust or otherwise;
- the Auditor General audit the financial statements of those agencies of the Crown that are not audited by another auditor;
- public accounting firms appointed as auditors of certain agencies of the Crown perform their audits under the direction of the Auditor General and report their results to the Auditor General; and
- public accounting firms auditing Crown-controlled corporations deliver to the Auditor General a copy of the audited financial statements of the corporation and a copy of the accounting firm's report of its findings and recommendations to management (typically contained in a management letter).

Our Annual Report chapter on the Public Accounts of the Province of Ontario discusses this year's attest

audit of the Province's consolidated financial statements. We do not typically discuss the results of our attest audits of agencies and Crown-controlled corporations in this report unless a significant issue arises and it would be appropriate for all Members of the Provincial Parliament to be aware of this issue. Agency legislation normally stipulates that the Auditor General's reporting responsibilities are to the agency's board and the minister(s) responsible for the agency. Our Office also provides copies of our independent auditors' reports and of the related agency financial statements to the deputy minister of the associated ministry, as well as to the Secretary of the Treasury Board.

During the course of an attest audit of an agency, we identify areas for improvement and provide our recommendations to the agency's senior management in an audit findings report. We then discuss our recommendations with senior management and update the report to reflect the results of our discussions. After the draft report is cleared and the agency's senior management have responded to it in writing, we prepare a final report, which is discussed with the agency's audit committee (if one exists). We bring significant matters to the attention of the Legislature by including them in our Annual Report.

Part 1 of **Exhibit 1** lists the agencies that were audited during the 2021/22 audit year. The Office also contracts with public accounting firms to serve as our agents in auditing a number of these agencies. Part 2 of **Exhibit 1** and **Exhibit 2** lists the agencies of the Crown and the Crown-controlled corporations, respectively, that were audited by public accounting firms during the 2021/22 audit year. **Exhibit 3** lists significant organizations in the broader public sector whose accounts are also audited by public accounting firms and included in the Province's consolidated financial statements.

Independence

The Auditor General and staff of the Office are independent of the government and its administration. This independence is an essential safeguard that enables the Office to fulfill its auditing and reporting responsibilities objectively and fairly.

The Auditor General is appointed to a 10-year, non-renewable term, and can be dismissed only for cause by the Legislative Assembly. Consequently, the Auditor General maintains an arm's-length distance from the government and the political parties in the Legislative Assembly, and is thus free to fulfill the Office's legislated mandate without political pressure.

The Board of Internal Economy, an all-party legislative committee that is independent of the government's administrative process, reviews and approves the Office's budget, which is subsequently laid before the Legislative Assembly. As required by the Act, the Office's expenditures in the 2021/22 fiscal year were audited by a firm of chartered professional accountants, and the audited financial statements of the Office were submitted to the Board and must be tabled in the Legislative Assembly. The audited statements and related discussion of expenditures for the year are presented at the end of this section.

Confidentiality of Working Papers

In the course of our reporting activities, we prepare draft audit reports and findings reports that are considered an integral part of our audit working papers. Under section 19 of the Act, these working papers shall not be laid before the Legislative Assembly or any of its committees. As well, our Office is exempt from the *Freedom of Information and Protection of Privacy Act* (FIPPA). This means our draft reports and audit working papers, including all information obtained from an auditee during the course of an audit, are privileged and cannot be accessed by anyone other than our Office under FIPPA, thus further ensuring confidentiality.

Code of Professional Conduct

The Office has a Code of Professional Conduct to ensure staff maintain high professional standards and keep up a professional work environment. The Code is intended to be a general statement of philosophy, principles and rules regarding conduct for employees of the Office. Our employees have a duty to conduct

themselves in a professional manner, and to strive to achieve in their work the highest standards of behaviour, competence and integrity.

The Code explains why these expectations exist, and further describes the Office's responsibilities to the Legislative Assembly, the public and our auditees. The Code also provides guidance on disclosure requirements and the steps to be taken to avoid conflicts of interest. All employees are required to complete an annual conflict-of-interest declaration and undergo a police security check upon being hired and every five years thereafter.

Office Organization and Personnel

The Office is organized into portfolio teams to align with related audit entities and to foster expertise in the various areas of audit activity. The portfolios, somewhat based on the government's own ministry organization, are each headed by a Director, who oversees and is responsible for the audits within the assigned portfolio. Directors report to Assistant Auditors General, who in turn report to the Auditor General. Reporting to the Directors and rounding out the teams are Audit Managers and other audit staff, as illustrated in **Figure 1**.

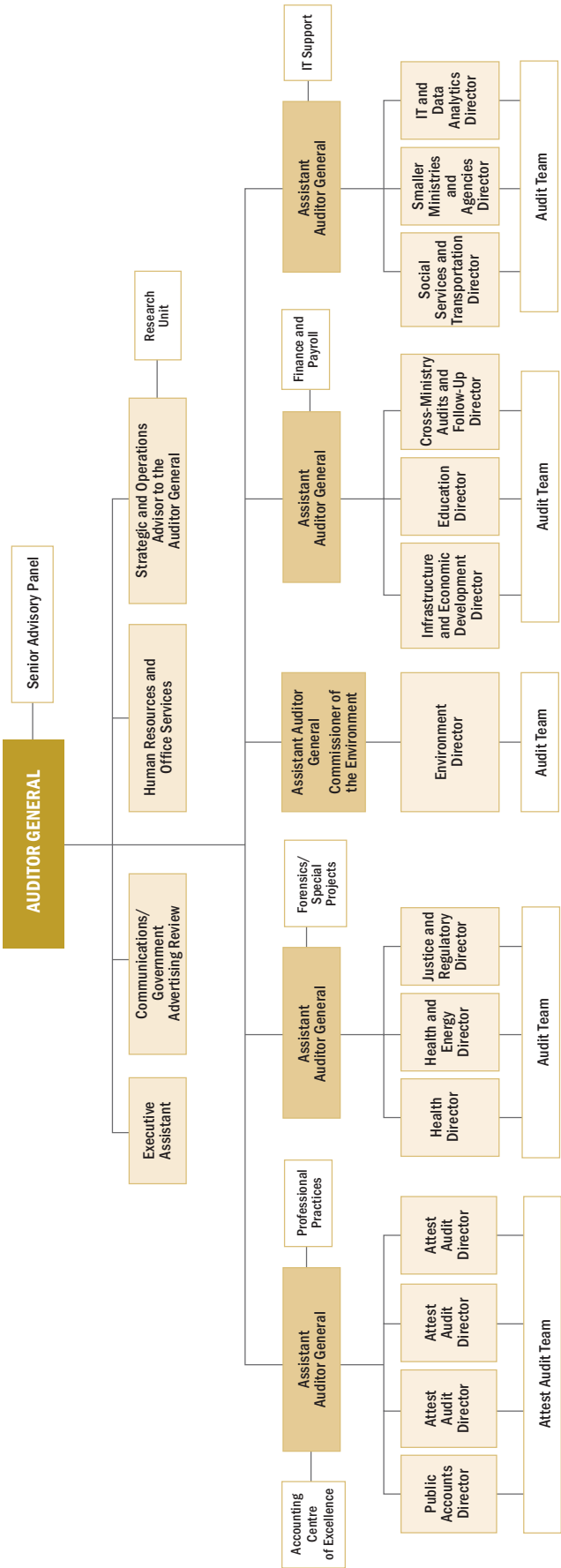
The Auditor General and the Assistant Auditors General make up the Office's Executive Committee. The Auditor General, the Assistant Auditors General, the Audit Directors, the Director of Human Resources and Office Services, the Director of Communications and Government Advertising Review, the Director of Information Technology, and the Director of Strategy and Research make up the Office's Senior Management Committee.

The Auditor General's Panel of Senior External Advisors

The Auditor General's Panel of Senior External Advisors (Panel) was established in early 2017 to provide

Figure 1: Office Organization, November 30, 2022

Prepared by the Office of the Auditor General of Ontario



strategic advice to the Auditor General on her Office's work. The Panel is governed by Terms of Reference that outline its mandate, objective, membership, scope of work, and other terms and conditions. The members of the Panel meet at least twice per year and may meet on other occasions when necessary. During 2022, the Panel met three times, reviewing reports and related material prior to those meetings.

The Panel comprises a broad cross-section of professionals and experts outside of the Office. Members are selected by the Auditor General based on their capacity to provide the Auditor General with the highest-quality advice in matters pertaining to the Panel's mandate. Panel members are appointed for a term of three years and are eligible for reappointment at the discretion of the Auditor General. The Panel currently includes 11 members:

- **Tim Beauchamp**, former Director, Public Sector Accounting Board
- **Ann Cavoukian**, Executive Director, Global Privacy and Security by Design Centre and former Information and Privacy Commissioner of Ontario
- **Deborah Deller**, former Clerk of the Legislative Assembly of Ontario
- **Burkard Eberlein**, Professor, Public Policy, York University (Schulich)
- **Julie Gelfand**, former Federal Commissioner of the Environment and Sustainable Development, Office of the Auditor General of Canada
- **Peter Mansbridge**, former Chief Correspondent for CBC News and Anchor of The National
- **David Marshall**, former President, Workplace Safety and Insurance Board
- **William Robson**, Chief Executive Officer, C.D. Howe Institute
- **Carmen Rossiter**, Program Director, Centre for Governance, Risk Management and Control, York University (Schulich)
- **Wayne Strelloff**, former Auditor General of British Columbia and former Provincial Auditor of Saskatchewan
- **Christopher Wirth**, Lawyer, Keel Cottrelle LLP

Quality Assurance Review Process

Professional standards require that auditors establish and maintain a system of quality controls to help ensure that professional and legal standards are met and that audit reports are appropriate in the circumstances. Quality assurance reviews form an essential component of this system by providing a basis for determining whether quality control policies are appropriately designed and applied. The Office has implemented a system of internal quality assurance reviews and is also subject to external quality assurance reviews by both the Chartered Professional Accountants (CPA) of Ontario and the Canadian Council of Legislative Auditors.

The internal quality assurance review process consists of reviews of completed audit files on a cyclical basis by Office staff. Individuals chosen for this role are conversant with and have up-to-date knowledge of the application of professional accounting and assurance standards and have no other involvement with the audit. The selection of audit files for quality assurance review is based on criteria designed to provide the Office with reasonable confidence that professional standards and Office policies are being met. The selection criteria include, but are not limited to, the risk associated with the engagement (such as complexity or public sensitivity) and the results of previous quality assurance reviews.

In addition to internal file reviews, audit challenge teams are established for each value-for-money audit conducted. These teams include the Auditor General, all Assistant Auditors General, and a Director and Manager from a separate audit portfolio who review and question audit teams' audit planning reports and final reports.

The Office is also subject to review by the Chartered Professional Accountants of Ontario (CPA Ontario), which conducts a triennial practice inspection of our Office to assess whether, as practitioners of public accounting, we are adhering to the professional standards set out in the Chartered Professional Accountants of Canada Handbook and CPA Ontario's

Member's Handbook. This practice inspection involves an assessment of the Office's quality controls and a review of a sample of completed audit files selected by CPA Ontario.

As well, through our participation in the Canadian Council of Legislative Auditors, our Office undergoes external quality assurance reviews on a regular basis. These reviews are conducted by experienced professional auditors from other jurisdictions across Canada. In addition to providing assurance that quality control systems are well designed and effective, this process also facilitates the sharing and exchange of information and experience, and encourages and supports continued development of auditing methodology, practices and professional development.

Canadian Council of Legislative Auditors

The Canadian Council of Legislative Auditors (CCOLA) shares information about, and supports the continued development of auditing methodology, practices and professional development among legislative audit offices at the federal and provincial levels. Its membership consists of the federal Auditor General and Auditors General of each of the 10 Canadian provinces. Legislative auditors from outside of Canada can have either "Associate Member" status with full voting rights, or "Observer Member" status, which does not afford voting rights. The CCOLA currently has one Associate Member (the Auditor General of Bermuda) and one Observer Member (the Auditor General of the Cayman Islands).

An annual conference is held jointly with the annual meeting of the Canadian Council of Public Accounts Committees (CCPAC). CCPAC consists of delegates from federal, provincial and territorial public accounts committees across Canada. The conference brings together legislative auditors and members of the Standing Committees on Public Accounts from the federal government, provinces and territories, and provides an excellent opportunity for sharing ideas, exchanging

information and learning about best practices for Standing Committees on Public Accounts in Canada. This year, the 43rd annual conference was hosted by the House of Commons in Ottawa, Ontario from August 28 to 30, 2022. Next year, the 44th annual conference is planned to be held in Whitehorse, Yukon.

Inquiries from the Public and Members of Provincial Parliament

The Office of the Auditor General (Office) receives inquiries from the public, Members of Provincial Parliament and the civil service through letters, fax, email, phone, and starting in 2021 an online webform. Each inquiry is reviewed on a case-by-case basis and is logged to ensure that the information is recorded, and that we can track inquiries received and responses provided.

During the 2021/22 fiscal year, the Office received 2,019 public inquiries (up from 1,774 in 2020/21). Included in these were 18 inquiries from 13 MPPs. The Office conducts an annual overall review of public inquiries to assess trends and recurring issues and to help inform our audit selection process.

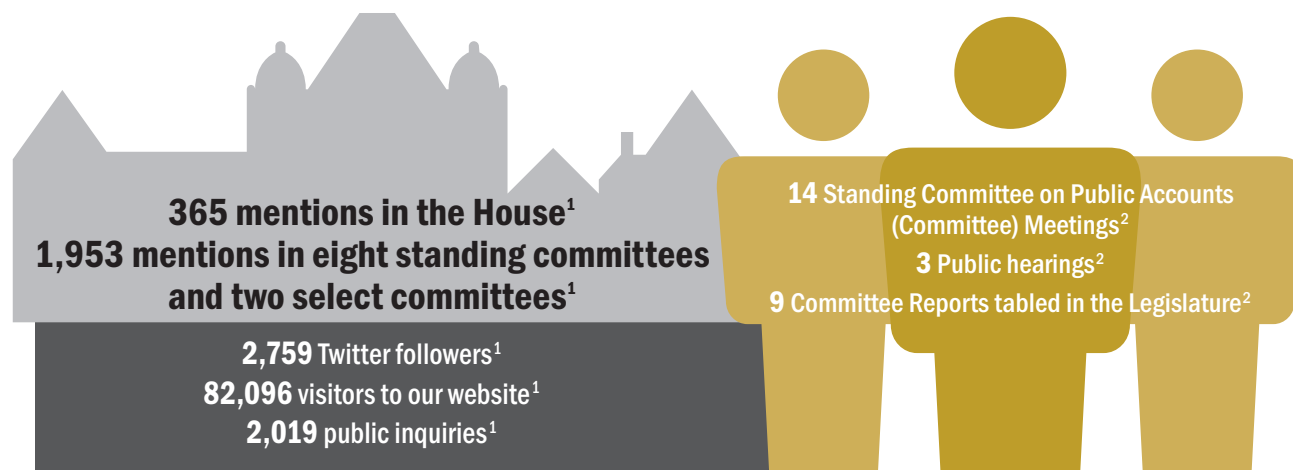
Activities and Results Produced by the Office This Year

Our Office had another productive year, effectively utilizing technology and project management, and benefiting from great teamwork. Refer to **Figure 2** for an at-a-glance view of our Office's activities this year and the results that were produced.

While operating within our budget, during the 2022 calendar year we completed 15 value-for-money audits, including three environmental value-for-money audits; three special reports (Review of the Pre-Election 2022 Multi-Year Fiscal Plan, Preliminary Perspective on Laurentian University, and Special Report on Laurentian University); a report on our audit of the Public

Figure 2: Office of the Auditor General of Ontario, Activities and Results—At a Glance

Prepared by the Office of the Auditor General of Ontario



- Provided clean opinion of the 2021/22 Public Accounts of the Province
- 39 agency financial audits completed during the audit cycle
- Completed 12 external financial statement file reviews
- Reviewed provincial debt filing documentation
- Completed follow-ups on 23 value-for-money audits (VFM) and one special report
- Completed 15 VFM
- Finalizing one review on ministries' performance measurement, program evaluation and annual reporting
- Finalizing a report on the State of the Environment in Ontario
- Completed a report on the operation of the Standing Committee on Public Accounts, including follow-up work on 10 reports tabled by the Committee in 2021/22
- Completed one special report on the Review of the Pre-Election 2022 Multi-Year Fiscal Plan
- Completed one Preliminary Perspective and one Special Report on Laurentian University
- Completed our Annual Report on the Operation of the *Environmental Bill of Rights, 1993*
- Completed a report on compliance with the *Government Advertising Act, 2004*

1. Figures reported for the 2021/22 fiscal year.

2. Figures reported on activities since our last Annual Report (Dec 1, 2021–Nov 30, 2022).

Accounts; a report on the Operation of the *Environmental Bill of Rights, 1993*; and 23 follow-up reports on previous value-for-money audit reports, including three follow-up reports on environmental value-for-money audits and three follow-up reports on previous special reports; and 10 follow-up reports on reports issued by the Standing Committee on Public Accounts. We also expanded our tracking of the status of previous recommendations made by following up on the 2,035 actions we recommended in our Annual Reports of 2015, 2016, 2017, 2018 and 2019.

We completed the audit of the Province's consolidated financial statements and the statements of 39 Crown agencies, as well as completing 12 external financial statement file reviews. We met our key financial statement audit deadlines in 2021/22 while continuing to invest in staff training to ensure adherence to accounting and assurance standards and methodology for conducting attest audits. We provided an unqualified audit opinion on the 2021/22 Public Accounts released on September 12, 2022. Our report on the

Public Accounts of the Province includes a discussion of accounting issues identified during that audit.

We also met our review responsibilities under the *Government Advertising Act, 2004* (see Review of Government Advertising in this *2022 Annual Report*), and met our responsibility under the *Environmental Bill of Rights, 1993* (EBR) through the issuance of our report on the Operation of the *Environmental Bill of Rights, 1993*.

As well, we are in the process of finalizing a report focusing on accountability and transparency, entitled “What Gets Measured Gets Managed.” This report looked at ministries’ performance measurement, program evaluation and annual reporting. We are also in the process of finalizing a report on the State of the Environment in Ontario.

According to Hansard, the official transcript of House and committee proceedings, there were 365 mentions of the Auditor General in the House and 1,953 mentions in eight Standing Committees and two Select Committees in 2021/22. Further details on our activities with the Standing Committee on Public Accounts

are outlined in our report The Standing Committee on Public Accounts in this *2022 Annual Report*.

We connected with members of the public through our website, Twitter, phone, email and letters. In 2021/22, we had over 82,096 visitors to our website and 2,759 Twitter followers (up from 2,341 in 2020/21). As mentioned earlier in this section, we also received 2,019 public inquiries (up from 1,774 in 2020/21) through email, phone, letters and fax.

The activities and results produced by our Office this year would not have been possible without the hard work and dedication of our staff, as well as of our agent auditors, contract staff and our Panel of Senior Advisors.

Strategic Plan 2020–2024

In 2020, our Office developed a new Strategic Plan for the five-year period 2020–24. **Figure 3** includes the key goals and objectives of the Plan.

Figure 3: 2020–2024 Strategic Plan at a Glance

Prepared by the Office of the Auditor General of Ontario

Goal	REPORTING
	Provide accurate and objective information through timely and relevant reports (including recommendations) and audit opinions.
	Objectives
	1. Ensure our stakeholders continue to value our assurance and advice on the reliability of financial statements.
	2. Our value-for-money (VFM) audits, including environmental VFM audits, are accurate and objective and are valued by our stakeholders.
	3. Stakeholders continue to refer to our work and request our services.
	4. Provide appropriate information to assist the Standing Committee on Public Accounts (PAC) in performing its mandate.
	5. The government implements changes that address the issues raised in our reports.
	6. Comment on legislation that impacts our mandate.
	7. Effectively fulfill our limited responsibilities under the <i>Government Advertising Act, 2004</i> (GAA).
	8. Effectively fulfill our responsibilities under the <i>Environmental Bill of Rights, 1993</i> (EBR).
	9. Effectively fulfill our mandate to review and comment on the Multi-Year Fiscal Plan on Ontario’s Finances when it is issued.
	10. Respond to public inquiries in a timely manner and continue to be accessible to the public.
	11. Expand the Office’s role in assessing public-sector governance and promote best practices.

Goal	PEOPLE, LEARNING AND DEVELOPMENT
	Provide a high-performing, diverse and inclusive team environment with ongoing professional training and development.
	Objectives
	1. Conduct strategic human-resources (HR) planning that is dynamic and reflects both the current and future needs of the Office.
	2. Human-resources (HR) policies are aligned with the Office's values and are clearly and consistently communicated and applied.
	3. Attract and recruit diverse, highly skilled and motivated professionals.
	4. Train and retain a diverse, highly skilled and motivated team of professionals.
	5. Promote career development and proactively manage succession in a way that provides opportunities for staff across the organization.
	6. Promote a sense of community within the Office through strong professional relationships.
	7. Attract and engage credible contractors, agent auditors and subject-matter expert advisors to provide specialized expertise and support our work.
Goal	OPERATIONS
	Allocate resources efficiently and effectively and measure results.
	Objectives
	1. Audit operations incorporate best practices in processes, methods and tools.
	2. Optimize resources to ensure the capacity of the Office to respond to the requirements of our stakeholders.
	3. Continuously improve the efficiency of the Office through the effective and consistent use of technology.
	4. Reduce the environmental footprint of the Office to demonstrate leadership in environmental sustainability.
	5. Continuously improve the effectiveness of Communications practices.
	6. Ensure that Office accommodations and equipment are properly managed and maintained.
Goal	ENGAGEMENT
	Engage Members of the Provincial Parliament and the public in our work. Establish and maintain relationships with professional organizations, private-sector accounting firms, academic institutions and other independent Officers of the Legislature.
	Objectives
	1. Engage with citizens to raise awareness of the Office's mandate and reports.
	2. Our reports are available, accessible and engaging for stakeholders.
	3. Develop a social media plan for the Office that expands our communication capabilities, while effectively managing the image of the Office.
	4. Advance our professional relationships with public-sector organizations, academic institutions, private-sector accounting firms, professional organizations and relevant stakeholders.

Figure 4: Five-Year Comparison of Spending (Accrual Basis) (\$ 000)

Prepared by the Office of the Auditor General of Ontario

Category	2017/18	2018/19	2019/20	2020/21	2021/22
Approved budget	19,547	20,613	26,318	26,084	25,949
Actual expenses					
Salaries and benefits	13,568	14,269	18,329	19,187	20,361
Professional and other services	2,683	2,510	2,812	2,644	2,831
Office rent ¹	1,097	1,080	1,444 ¹	1,166	1,183
Training, supplies, equipment and other ²	875	945	1,115	1,189	1,237
Travel and communications	374	337	549	177	155
Statutory expenses	661	630	509	407	880
Total	19,258	19,771	24,758	24,770	26,647
Unused appropriations³	32	612	217	1,092	93

1. Includes rent for former Environmental Commissioner of Ontario space that was sublet effective April 1, 2020.

2. "Other" includes amortization of capital assets.

3. These amounts are typically different than the excess of appropriation over expenses as a result of non-cash expenses (such as amortization of capital assets, deferred lease inducements and employee future benefit accruals).

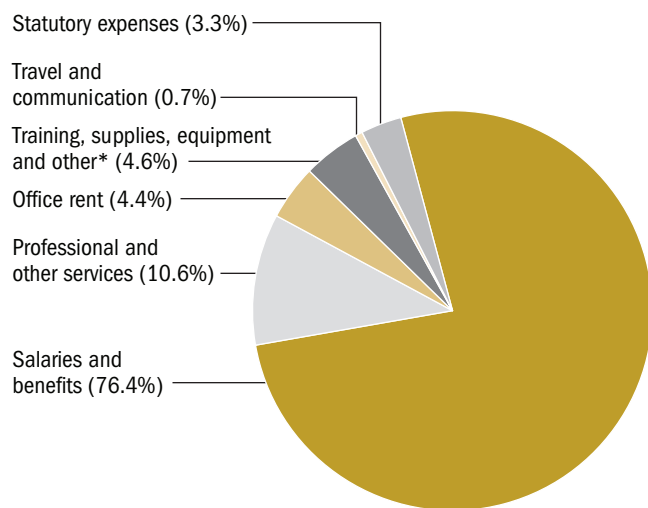
Financial Accountability

The following discussion and our financial statements present the Office's financial results for the 2021/22 fiscal year. Our financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. In accordance with these standards, we have presented a breakdown of our expenses in terms of the main activities our Office is responsible for: value-for-money and special audits, financial-statement audits, pre-election 2022 multi-year fiscal plan review and reviews of government advertising. This breakdown is provided in Note 8 to the financial statements and indicates that 76% of our time was used to perform value-for-money and special audits, a stated priority of the Standing Committee on Public Accounts, and 23% to complete the audits of the annual financial statements of the Province and 39 of its agencies. The remaining time was devoted to our statutory responsibilities under the *Government Advertising Act, 2004* and the *Fiscal Sustainability, Transparency, and Accountability Act, 2019*.

Figure 4 provides a comparison of our approved budget and expenditures over the last five years.

Figure 5: Spending by Major Expenditure Category, 2021/22

Prepared by the Office of the Auditor General of Ontario



* "Other" includes amortization of capital assets.

Figure 5 presents the major components of our spending during the 2021/22 fiscal year, and shows that salary and benefit costs for staff accounted for just over 76% of spending, while professional and other services, along with office rent, comprised most of the

Figure 6: Actual Expenses for 2021/22 and 2020/21 (\$ 000)

Prepared by the Office of the Auditor General of Ontario

Actual Expenses	2021/22	2020/21	% Change
Salaries and benefits	20,361	19,187	6
Professional and other services	2,831	2,644	7
Office rent	1,183	1,166	1
Training, supplies, equipment and amortization	1,237	1,189	4
Travel and communication	155	177	(12)
Statutory expenses	880	407	116
Total	26,647	24,770	8

remainder. These proportions have been relatively stable in recent years. **Figure 6** presents the year-over-year percentage change of actual expenditures between 2020/21 and 2021/22. Overall, our expenses increased by about 8% from the previous year.

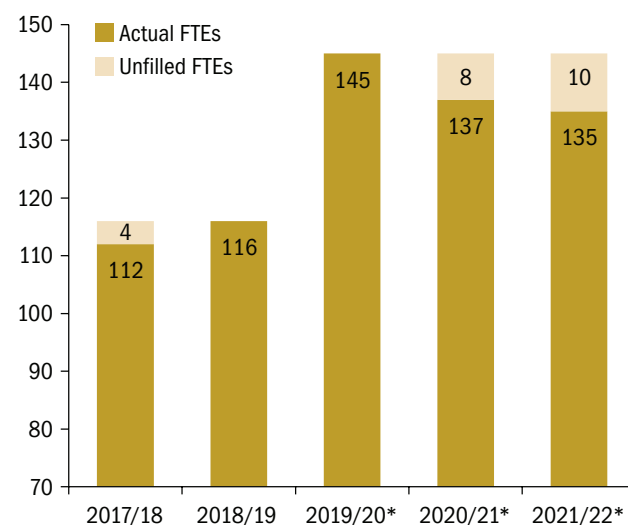
In April 2019, the Board approved an increase in our staffing to enable us to hire staff from the former Office of the Environmental Commissioner and a new Assistant Auditor General and Commissioner of the Environment, which brought our approved complement to 145. By the end of the 2021/22 fiscal year, due to some staff turnover and maternity leaves throughout the year, our Office's full-time equivalents (FTEs) totalled 135, as shown in **Figure 7**.

Salaries and Benefits

In 2021/22, our salary and benefit costs were 6% higher compared to those in 2020/21. The increase was a result of the annualized cost of promotions from 2020/21 and the changes to staff compensation in accordance with the Ontario Public Sector compensation guidelines. The growing complexity of our audits requires highly qualified and experienced staff. Most students who earned their professional accounting designation during the year remained with the Office and have been promoted to Senior Auditor positions. Benefit costs increased accordingly.

Figure 7: Staffing (Full-time Equivalent [FTE]), 2017/18–2021/22

Prepared by the Office of the Auditor General of Ontario



* Includes staff from the transfer of responsibilities of the former Office of the Environmental Commissioner of Ontario.

Professional and Other Services

Professional and other services include both contracted CPA firms and contract specialists that assisted in our value-for-money audits and financial statement audits of Crown agencies and the Province. In 2021/22, these services accounted for just under 11% of total expenses and increased by 7% compared to the prior year.

Given the more complex work this year on our VFM audits, and peak period deadlines for our report on the Review of the Pre-Election 2022 Multi-Year Fiscal Plan and finalizing the financial statement audits of Crown agencies and the Province, we relied more heavily on experts and contracted professionals to assist us.

Contract costs for the CPA firms with which we work remain high because of the higher salaries they pay their staff. We continue to competitively test the market for such services as contracts expire.

Office Rent

In 2021/22, our costs for office rent increased only slightly compared with the previous year.

Travel and Communications

Our travel and communications costs decreased by 12% from the previous year, due to the continued travel restrictions imposed by the COVID-19 pandemic for part of the 2021/22 fiscal year.

Training, Supplies and Equipment (Including Amortization)

In 2021/22, our training, supplies and equipment costs increased by 4% compared to the previous year. This increase was a result of higher amortization expenses from past information technology expenditures.

The Office's training program consists of a combination of in-house and external courses that enable staff to progress and meet their professional obligations by maintaining and enhancing their competencies.

Statutory Expenses

Statutory expenses include the Auditor General's salary and fees for contracted experts. Statutory expenses increased substantially from the previous year due to specialized advisory services and legal expenses for the Special Report on Laurentian University and experts' fees for the Pre-Election 2022 Multi-Year Fiscal Plan.

Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Office of the Auditor General of Ontario are the responsibility of management of the Office. Management has prepared the financial statements to comply with the *Auditor General Act* and with Canadian public sector accounting principles.

Management maintains a system of internal controls that provides reasonable assurance that transactions are appropriately authorized, assets are adequately safeguarded, appropriations are not exceeded, and the financial information contained in these financial statements is reliable and accurate.

The financial statements have been audited by the firm of Adams & Miles LLP, Chartered Professional Accountants. Their report to the Board of Internal Economy, stating the scope of their examination and opinion on the financial statements, appears on the following page.



Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General
November 3, 2022



Gus Chagani, CPA, CA
Assistant Auditor General
November 3, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Internal Economy of
Legislative Assembly of Ontario

Opinion

We have audited the accompanying financial statements of The Office of the Auditor General of Ontario (the Office), which comprise the statement of financial position as at March 31, 2022, and the statement of operations and accumulated deficit, changes in net financial debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Office of the Auditor General of Ontario as at March 31, 2022, and the results of its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Office in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Auditor General Act is repealed, or the government intends to cease the Office's operations, or it has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Office's financial reporting process.

INDEPENDENT AUDITOR'S REPORT – cont'd

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
November 3, 2022

Office of the Auditor General of Ontario

Statement of Financial Position As at March 31, 2022

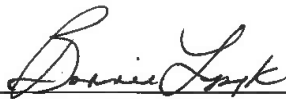
	2022 \$	2021 \$
Financial assets		
Cash	2,846,039	3,961,823
Harmonized sales taxes recoverable	357,295	134,604
Prepaid expenses	860,415	534,445
	<u>4,063,749</u>	<u>4,630,872</u>
Financial liabilities		
Accounts payable and accrued liabilities [Notes 4 and 5(B)]	3,540,033	3,191,865
Accrued employee benefits obligation [Note 5(B)]	1,996,000	1,444,000
Due to Consolidated Revenue Fund (Note 10)	93,050	1,308,706
Deferred lease inducement (Note 9)	657,920	705,322
	<u>6,287,003</u>	<u>6,649,893</u>
Net financial debt	(2,223,254)	(2,019,021)
Non-financial assets		
Tangible capital assets (Note 3)	<u>2,108,576</u>	<u>2,695,433</u>
Accumulated (deficit) surplus	<u>(114,678)</u>	<u>676,412</u>

Commitments (Note 6)

Measurement uncertainty [Note 2(F)]

See accompanying notes to financial statements.

Approved by the Office of the Auditor General of Ontario:



Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General



Gus Chagani, CPA, CA
Assistant Auditor General

Office of the Auditor General of Ontario

Statement of Operations and Accumulated Deficit

For the Year Ended March 31, 2022

	2022 Budget (Note 11) \$	2022 Actual \$	2021 Actual \$
Expenses			
Salaries and wages	16,310,600	15,689,353	15,288,852
Employee benefits (Note 5)	4,436,000	4,671,300	3,897,911
Professional and other services	2,344,200	2,831,316	2,643,830
Office rent (Note 6)	1,324,600	1,183,304	1,166,462
Amortization of tangible capital assets	-	753,852	728,979
Travel and communication	471,600	155,040	177,356
Training and development	155,500	154,338	192,395
Supplies and equipment	384,800	329,288	267,852
Statutory	522,100	879,649	406,687
Total expenses (Notes 7 and 8)	25,949,400	26,647,440	24,770,324
Revenue			
Consolidated Revenue Fund – Voted appropriations [Note 2(B)]	25,949,400	25,949,400	26,083,800
(Deficiency) excess of revenue over expenses		(698,040)	1,313,476
Less: returned to the Province [Notes 2(B) and 10]		93,050	1,091,697
Net operations (deficit) surplus [Note 7]		(791,090)	221,779
Accumulated surplus, beginning of year		676,412	454,633
Accumulated (deficit) surplus, end of year		(114,678)	676,412

See accompanying notes to financial statements.

Office of the Auditor General of Ontario

Statement of Changes in Net Financial Debt For the Year Ended March 31, 2022

	2022 Budget (Note 11) \$	2022 Actual \$	2021 Actual \$
Net operations (deficit) surplus	-	(791,090)	221,779
Purchase of tangible capital assets	-	(166,995)	(574,091)
Amortization of tangible capital assets	-	753,852	728,979
(Increase) decrease in net financial debt	-	(204,233)	376,667
Net financial debt, beginning of year	(2,019,921)	(2,019,021)	(2,395,688)
Net financial debt, end of year	(2,019,921)	(2,223,254)	(2,019,021)

See accompanying notes to financial statements.

Office of the Auditor General of Ontario

Statement of Cash Flows

For the Year Ended March 31, 2022

	2022 \$	2021 \$
Operating transactions		
Net operations (deficit)/surplus [Note 7]	(791,090)	221,779
Amortization of tangible capital assets	753,852	728,979
Amortization of deferred lease inducement	(47,402)	(32,222)
Accrued employee benefits obligation [Note 5(B)]	549,000	190,000
	<u>464,360</u>	<u>1,108,536</u>
Changes in working capital		
(Increase) decrease in harmonized sales taxes recoverable	(222,691)	171,772
Decrease in lease inducement receivable	-	686,525
Increase in prepaid expenses	(325,970)	(534,445)
(Decrease) increase in due to Consolidated Revenue Fund	(1,215,656)	1,091,697
Increase (decrease) in accounts payable and accrued salaries and benefits (Note 4)	<u>351,168</u>	<u>(422,530)</u>
	<u>(1,413,149)</u>	<u>993,019</u>
Cash (used in) provided by operating transactions	<u>(948,789)</u>	<u>2,101,555</u>
Capital transactions		
Purchase of tangible capital assets	<u>(166,995)</u>	<u>(574,091)</u>
(Decrease) increase in cash	<u>(1,115,784)</u>	<u>1,527,464</u>
Cash, beginning of year	<u>3,961,823</u>	<u>2,434,359</u>
Cash, end of year	<u>2,846,039</u>	<u>3,961,823</u>

See accompanying notes to financial statements.

Office of the Auditor General of Ontario

Notes to Financial Statements

For the Year Ended March 31, 2022

1. Nature of Operations

In accordance with the provisions of the *Auditor General Act* and various other statutes and authorities, the Auditor General, through the Office of the Auditor General of Ontario (the “Office”), conducts independent audits of government programs, of institutions in the broader public sector that receive government grants, and of the fairness of the financial statements of the Province and numerous agencies of the Crown. In doing so, the Office promotes accountability and value-for-money in government operations and in broader public sector organizations.

Additionally, under the *Government Advertising Act, 2004*, the Office is required to review specified types of advertising, printed matter or reviewable messages proposed by government offices to determine whether they meet the standards required by the Act.

Under both Acts, the Auditor General reports directly to the Legislative Assembly.

Under the *Fiscal Transparency and Accountability Act, 2019*, in an election year the Office is also required to report on the reasonableness of a multi-year fiscal plan prepared by the Ministry of Finance.

On April 1, 2019, the *Restoring Trust, Transparency and Accountability Act* (the “Act”) transferred, for no compensation, the rights, obligations, assets and liabilities of the former Office of the Environmental Commissioner of Ontario (ECO), as they existed immediately before April 1, 2019 to the Office, except for any rights, obligations, assets, or liabilities relating to former ECO employees for service immediately before April 1, 2019.

The Act also transferred many of the responsibilities of the former ECO to the Office. The Office conducts audits of government programs that impacts the environment under the same processes as the Office’s value-for money audits and has additional reporting responsibilities with respect to the operations of the *Environmental Bill of Rights, 1993*.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are as follows:

(A) ACCRUAL BASIS

These financial statements are prepared on an accrual basis whereby expenses are recognized in the fiscal year that the events giving rise to the expense occur and resources are consumed.

(B) VOTED APPROPRIATIONS

The Office is funded through annual voted appropriations from the Province of Ontario. Unspent appropriations are to be returned to the Province’s Consolidated Revenue Fund. As the voted appropriation is prepared on a modified cash basis, an excess or deficiency of revenue over expenses arises from the application of accrual accounting, including the capitalization and amortization of capital assets, the deferral and amortization of the lease inducement and the recognition of employee benefits expenses earned to date but that will be funded from future appropriations.

The voted appropriation for statutory expenses is intended to cover the salary of the Auditor General as well as the costs of any expert advice or assistance required to help the Office meet its responsibilities under the *Government Advertising Act* and the *Fiscal Transparency and Accountability Act*, or to conduct special assignments under Section 17 of the *Auditor General Act*.

Office of the Auditor General of Ontario

Notes to Financial Statements For the Year Ended March 31, 2022

2. Summary of Significant Accounting Policies (Continued)

(C) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at historical cost less accumulated amortization. Amortization of tangible capital assets is recorded on the straight-line method over the estimated useful lives of the assets as follows:

Computer hardware	3 years
Computer software	3 years
Furniture and fixtures	5 years
Leasehold improvements	The remaining term of the lease

(D) FINANCIAL INSTRUMENTS

The Office's financial assets and financial liabilities are accounted for as follows:

- Cash is subject to an insignificant risk of change in value so carrying value approximates fair value.
- Due to Consolidated Revenue Fund is recorded at cost.
- Accounts payable and accrued liabilities are recorded at cost.
- Accrued employee benefits are recorded at fair value based on the entitlements earned by employees up to March 31, 2022 and the Office's expectation of long-term experience and short-term forecasts [Note 5(B)].

The Office is not exposed to any interest rate, currency, liquidity or credit risk arising from its financial instruments due to their nature.

(E) DEFERRED LEASE INDUCEMENT

The deferred lease inducement is amortized as a reduction of rent expense on a straight-line basis over the terms of the respective leases.

(F) MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Items requiring the use of significant estimates include: useful life of capital assets and accrued employee benefits obligation [Note 5(B)]. The key assumptions used to estimate accrued employee benefits obligation include discount rate, salary escalation rate and expected remaining service life of employees.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates. These estimates and assumptions are reviewed periodically, and adjustments are reported in the Statement of Operations and Accumulated Deficit in the year in which they become known.

Office of the Auditor General of Ontario

Notes to Financial Statements For the Year Ended March 31, 2022

3. Tangible Capital Assets

	Computer hardware \$	Computer software \$	Furniture and fixtures \$	Leasehold improvements \$	2022 Total \$
Cost					
Balance, beginning of year	2,144,980	499,910	1,103,965	2,037,637	5,786,492
Additions	158,070	1,029	7,896	-	166,995
Disposals	(138,014)	(145,879)	-	-	(283,893)
Balance, end of year	2,165,036	355,060	1,111,861	2,037,637	5,669,594
Accumulated amortization					
Balance, beginning of year	1,421,378	331,862	431,414	906,405	3,091,059
Amortization	360,467	67,610	172,006	153,769	753,852
Disposals	(138,014)	(145,879)	-	-	(283,893)
Balance, end of year	1,643,831	253,593	603,420	1,060,174	3,561,018
Net Book Value, March 31, 2022	521,205	101,467	508,441	977,463	2,108,576

	Computer hardware \$	Computer software \$	Furniture and fixtures \$	Leasehold improvements \$	2021 Total \$
Cost					
Balance, beginning of year	1,707,066	547,154	1,103,965	2,037,637	5,395,822
Additions	456,701	117,390	-	-	574,091
Disposals	(18,787)	(164,634)	-	-	(183,421)
Balance, end of year	2,144,980	499,910	1,103,965	2,037,637	5,786,492
Accumulated amortization					
Balance, beginning of year	1,104,534	392,878	309,574	738,515	2,545,501
Amortization	335,631	103,618	121,840	167,890	728,979
Disposals	(18,787)	(164,634)	-	-	(183,421)
Balance, end of year	1,421,378	331,862	431,414	906,405	3,091,059
Net Book Value, March 31, 2021	723,602	168,048	672,551	1,131,232	2,695,433

Assets under construction or not yet in service are not amortized and have been included within the various asset categories presented above. The total value of these assets as at March 31, 2022 is \$7,896 (2021- \$205,593).

Office of the Auditor General of Ontario

Notes to Financial Statements

For the Year Ended March 31, 2022

4. Accounts Payable and Accrued Liabilities

	2022 \$	2021 \$
Accounts payable	323,688	240,065
Accrued salaries and benefits	2,076,345	1,808,800
Accrued employee benefits obligation	1,140,000	1,143,000
	<u>3,540,033</u>	<u>3,191,865</u>

Accounts payable relates largely to normal business transactions with third-party vendors and is subject to standard commercial terms. Accruals for salaries and benefits and employee benefits obligation are recorded based on employment arrangements and legislated entitlements.

5. Obligation for Employee Future Benefits

Although the Office's employees are not members of the Ontario Public Service, under provisions in the *Auditor General Act*, the Office's employees are entitled to the same benefits as Ontario Public Service employees. The future liability for benefits earned by the Office's employees is included in the estimated liability for all provincial employees that have earned these benefits and is recognized in the Province's consolidated financial statements. In the Office's financial statements, these benefits are accounted for as follows:

(A) PENSION BENEFITS

The Office's employees participate in the Public Service Pension Plan (PSPP) which is a defined benefit pension plan for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPP, determines the Office's annual payments to the fund. As the sponsor is responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Office. The Office's required annual payment of \$1,410,432 (2021- \$1,385,867), is included in employee benefits expense in the Statement of Operations and Accumulated Deficit.

(B) ACCRUED EMPLOYEE BENEFITS OBLIGATION

The Office provides severance pay equal to one week's salary for each year of service, up to 26 weeks. Severance pay is not available to contract employees and employees who are terminated with cause. Severance pay is also not available to employees who resign, if they were hired after December 31, 2011. For employees hired on or before December 31, 2011 that resign, the severance payment will be based on years of service accrued and salary up to December 31, 2011. Effective January 1, 2022, consistent with the practices at the Legislative Assembly, severance payment on retirement will be based on the salary at retirement for permanent employees who have completed at least five years of continuous service. Prior to the change on January 1, 2022, the severance payment on retirement had been based on the employee's salary and years of service up to and as of December 31, 2015.

The costs of severance, compensated absences and unused vacation entitlements earned by employees during the year amounted to \$1,348,000 (2021 - \$692,000) and are included in employee benefits in the Statement of Operations and Accumulated (Deficit)/Surplus. Approximately \$783,000 of these costs was due to the change in severance benefit policy which took effect on January 1, 2022.

Office of the Auditor General of Ontario

Notes to Financial Statements

For the Year Ended March 31, 2022

5. Obligation for Future Employee Benefits (Continued)

(B) ACCRUED EMPLOYEE BENEFITS OBLIGATION (CONTINUED)

The obligation is calculated using the projected benefits method prorated on service based on the following key assumptions: retention rates based on employees' length of service with the Office; discount rate of 2.5%; and wage and escalation rate of 2.75%. The benefits for severance and compensated absences are to be paid out to each employee upon their eligibility for full retirement.

The total liability for these costs is reflected in the accrued employee benefits obligation as follows:

	2022 \$	2021 \$
Total liability for severance and vacation credits	3,136,000	2,587,000
Less: Due within one year and included in accounts payable and accrued liabilities	1,140,000	1,143,000
Accrued employee benefits obligation	1,996,000	1,444,000

Severance benefits of \$458,300 (2021 - \$346,400) were paid during 2022.

(C) OTHER NON-PENSION POST-EMPLOYMENT BENEFITS

The cost of other non-pension post-retirement benefits is determined and funded on an ongoing basis by the Ontario Ministry of Public and Business Service Delivery and accordingly is not included in these financial statements.

6. Commitments

The Office has operating leases to rent premises which expire on February 28, 2023 and October 31, 2031. The minimum rental commitment is as follows:

	\$
2022/23	882,200
2023/24	724,200
2024/25	724,200
2025/26	724,200
2026/27	747,100
2027/28 and beyond	3,497,700

The Office is also committed to pay its proportionate share of realty taxes and operating expenses for the premises amounting to approximately \$780,000 during 2022 (2021- \$833,000).

Office of the Auditor General of Ontario

Notes to Financial Statements

For the Year Ended March 31, 2022

6. Commitments (Continued)

The lease for the former Environmental Commissioner of Ontario's original premises expires on February 28, 2023. Effective April 1, 2020, the Office subleased the ECO premises on approximately the same terms and conditions as the head lease. Sublease revenue of \$315,202 in 2021-22 (2020-21 - \$315,202) has been recorded as a reduction of office rent expense in the Statement of Operations and Accumulated Deficit.

7. Reconciliation to Public Accounts Volume 1 Basis of Presentation

The Office's Statement of Expenses presented in Volume 1 of the Public Accounts of Ontario was prepared on a basis consistent with the accounting policies followed for the preparation of the Estimates submitted for approval to the Board of Internal Economy, under which purchases of tangible capital assets are expensed in the year of acquisition rather than being capitalized and amortized over their useful lives. Volume 1 also excludes the accrued obligation for employee future benefits, prepaid expenses and deferred lease inducement recognized in these financial statements. A reconciliation of total expenses reported in Volume 1 to the total expenses reported in these financial statements is as follows:

	2022 \$	2021 \$
Total expenses per Public Accounts Volume 1	25,856,350	24,992,103
Purchase of tangible capital assets	(166,995)	(574,091)
Amortization of tangible capital assets	753,852	728,979
Change in accrued employee benefits obligation	549,000	190,000
Prepaid expenses	(325,970)	(534,445)
Amortization of deferred lease inducement	(18,797)	(32,222)
	791,090	(221,779)
Total expenses per the Statement of Operations and Accumulated Deficit	26,647,440	24,770,324

Office of the Auditor General of Ontario

Notes to Financial Statements

For the Year Ended March 31, 2022

8. Expenses by Activity

	2022				%
	Salaries and benefits	Other operating expenses	Statutory expenses	Total	
Value for money and special audits	15,983,112	3,466,431	780,976	20,230,519	75.9
Financial statement audits	4,173,934	1,907,526	46,710	6,128,170	23.0
Multi-year fiscal plan	183,246	28,167	32,500	243,913	0.9
Government advertising	20,361	5,014	19,463	44,838	0.2
	20,360,653	5,407,138	879,649	26,647,440	100.0
%	76.4	20.3	3.3	100.0	

	2021				%
	Salaries and benefits	Other operating Expenses	Statutory expenses	Total	
Value for money and special audits	15,253,476	3,459,983	341,539	19,054,998	77.0
Financial statement audits	3,818,166	1,695,382	45,987	5,559,535	22.4
Government advertising	115,121	21,509	19,161	155,791	0.6
	19,186,763	5,176,874	406,687	24,770,324	100.0
%	77.5	20.9	1.6	100.0	

Expenses have been allocated to the Office's four (2021 – three) main activities based primarily on the hours charged to each activity as recorded by staff in the Office's time accounting system, including administrative time and overhead costs that could not otherwise be identified with a specific activity. Expenses incurred for only one activity, such as most travel costs and professional services, are allocated to that activity based on actual costs.

Office of the Auditor General of Ontario

Notes to Financial Statements For the Year Ended March 31, 2022

9. Deferred Lease Inducement

The deferred lease inducement is composed of the following:

Lease term	Deferred lease inducement - gross \$	Accumulated amortization \$	Balance 2022 \$	Balance 2021 \$
November 1, 2011 to October 31, 2021	322,225	322,225	-	18,797
November 1, 2021 to October 31, 2031	686,525	28,605	657,920	686,525
	1,008,750	350,830	657,920	705,322

10. Unused Appropriations

	2022 \$	2021 \$
Consolidated Revenue Fund		
– Voted appropriations [Note 2(B)]	25,949,400	26,083,800
Less: Appropriations used (Note 7)	(25,856,350)	(24,992,103)
Unused appropriations for the year	93,050	1,091,697
Less: Refund to Consolidated Revenue Fund during year	(1,308,706)	-
Due to Consolidated Revenue Fund – beginning of year	1,308,706	217,009
Due to Consolidated Revenue Fund – end of year	93,050	1,308,706

11. Budgeted Figures

The budget as presented in the financial statements was prepared on the Public Accounts Volume 1 basis of accounting as described in Note 7. Following are the adjustments required to restate the budget using Canadian public sector accounting standards:

	2022 \$	2021 \$
Total budgeted expenses per the budget approved by the Board of Internal Economy	25,949,400	26,083,800
Purchase of tangible capital assets	(225,000)	(249,050)
Amortization of tangible capital assets	763,802	701,214
Amortization of deferred lease inducement	(18,797)	(32,222)
	520,005	419,942
Total budgeted expenses restated using Canadian public sector accounting standards	26,469,405	26,503,742