

Legislative  
Assembly  
of Ontario



Assemblée  
législative  
de l'Ontario

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# STANDING COMMITTEE ON PUBLIC ACCOUNTS

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The Honourable Steve Peters, MPP  
Speaker of the Legislative Assembly

Sir,

Your Standing Committee on Public Accounts has the honour to present its Report and commends it to the House.

A handwritten signature in black ink, appearing to read "Norm. Sterling".

Norman W. Sterling, MPP  
Chair

Queen's Park  
January 2010

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**MEMBERSHIP LIST**

1<sup>st</sup> Session, 39<sup>th</sup> Parliament

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## **INTRODUCTION**

In 2007 the Public Accounts Committee (Committee) considered the Auditor General's (Auditor's) 2006 audit report titled *School Boards – Acquisition of Goods and Services* (s. 4.11 of the Auditor's *2006 Annual Report*). This audit report was among the first broader public sector audits conducted under the Auditor's expanded mandate.

Given that the Auditor visits only a few of the many organizations receiving government funding (transfer partners) when conducting audits in a particular broader public sector, the Committee can play a role in ensuring that recommendations are acted upon by all organizations in that sector, not just the ones selected for audit.

Accordingly, the Committee wishes to present to the Legislative Assembly a Committee best practice which it derived from this, one of its first considerations of a broader public sector audit.

### **Auditor General's Expanded Mandate**

The Auditor General's mandate was expanded through amendments to the *Audit Act* which took effect on April 1, 2005. The main objective was to enable the Auditor to undertake value-for-money audits in the broader public sector of selected major recipients of government grants such as hospitals, colleges, universities and school boards. The Auditor is now also able to conduct value-for-money audits of Crown-controlled corporations.

## **COMMITTEE PROCESS PIONEERED FOLLOWING IMPLEMENTATION OF AUDITOR'S EXPANDED MANDATE**

### **Committee Process**

In April 2007 the Committee held hearings on the *School Boards – Acquisition of Goods and Services* audit report. The hearings were notable because

- the Committee called transfer partners (in this case, four school boards) to appear before the Committee;
- prior to 2007 only ministries participated in Committee hearings;
- the Committee engaged directly with the transfer partners both during and after the hearings; and
- Committee actions helped secure transfer partner compliance with Ministry request.

## **Committee Actions Helped Secure Transfer Partner Compliance**

Before the hearings, the Ministry had requested transfer partners to undertake a specific task related to the acquisition of goods and services. During the hearings the Committee questioned the transfer partners on progress on that task and was disappointed with the low level of compliance with the Ministry's request. After the hearings, the Committee issued a letter to both the Ministry and all transfer partners requesting action on the task. Transfer partners soon complied. The Ministry subsequently credited the hearings and the Committee's letter as significant factors in securing transfer partner compliance. Details on this process are provided below.

## **School Boards – Acquisition of Goods and Services Audit and Hearings Process**

The main steps involved in the School Boards – Acquisition of Goods and Services audit and hearings processes were as follows:

- The Auditor General identified issues related to the school boards' acquisition of goods and services and made related recommendations in his 2006 audit.
- The Ministry, following up on the Auditor's recommendations, distributed Ministry expenditure guidelines in four areas to the boards in December 2006 and asked the boards to use these guidelines as a basis for reviewing or creating their own expenditure policies. These policies were to be posted on the boards' public websites by the end of March 2007.
- In April 2007 the Committee held hearings and concluded that only a disappointing number of school boards had complied with the Ministry request. The following month the Chair of the Committee sent letters on behalf of the Committee to the Ministry and the school boards' Directors of Education requesting that they post their expenditure policies on their websites.
- The Committee issued a report in February 2008 that endorsed the Auditor's 2006 findings and recommendations and contained two Committee recommendations. The Auditor's 2008 follow-up report noted that substantial progress had been made on most of the recommendations in his 2006 audit.
- In the Committee's May 2009 hearings on the Auditor's follow-up report the audited school boards described actions they had taken to address recommendations made by the Auditor and the Committee. The Ministry also told the Committee that all school boards have posted their expenditure policies on their public websites and that the Committee's May 2007 letter helped achieve full compliance.

## **COMMITTEE BEST PRACTICE IN DEALING WITH TRANSFER PARTNERS**

The Committee requests that the Committee Clerk keep a record of the following Committee best practice for dealings with transfer partners and in future, make Committees aware of it when appropriate.

- **Invite audited transfer partners to participate in Committee hearings:** In cases where the Auditor General prepares an audit report that includes an audit of transfer partners and the Committee selects this audit report for consideration, the audited transfer partners should be invited to participate in the Committee's hearings, as well as Ministry representatives.
- **Engage directly with transfer partners in Committee hearings:** During the hearings, the Committee should engage directly with the transfer partners and should specifically ask them about their progress on outstanding commitments, including compliance with outstanding Ministry requests.
- **Engage directly with transfer partners after Committee hearings when required:** If required, the Committee should follow up directly with transfer partners after the hearings to help facilitate transfer partner compliance with outstanding commitments and Ministry requests.
- **Invite audited transfer partners to participate in follow-up hearings:** When the Auditor publishes his follow-up report on an original audit that includes an audit of transfer partners, the Committee should consider selecting the Auditor's follow-up report for Committee consideration and if selected, should invite the transfer agents to participate in the Committee's follow-up hearings, as well as Ministry representatives.
- **Engage directly with transfer partners in follow-up hearings:** During the follow-up hearings, the Committee should question the transfer partners and the Ministry to determine whether transfer partners have now complied with outstanding commitments and Ministry requests.

End of report