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STANDING COMMITTEE ON PUBLIC ACCOUNTS

VALUE-FOR-MONEY AUDIT: COVID-19 PERSONAL PROTECTIVE EQUIPMENT SUPPLY

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ONTARIO)

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The Honourable Ted Arnott, 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 cursive script that reads "Tom Rakocevic".

Tom Rakocevic, MPP
Chair of the Committee

Queen's Park
February 2023

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1st Session, 43rd Parliament

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INTRODUCTION

On March 30, 2022, the Standing Committee on Public Accounts held public hearings on the value-for-money audit of the COVID-19 Personal Protective Equipment Supply (*2021 Annual Report of the Auditor General of Ontario*).

The Committee endorses the Auditor's findings and recommendations, and presents its own findings, views, and recommendations in this report. The Committee requests that the Ministry of Health and the Ministry of Public and Business Service Delivery (formerly the Ministry of Government and Consumer Services) provide the Clerk of the Committee with written responses to the recommendations within 120 calendar days of the tabling of this report with the Speaker of the Legislative Assembly, unless specified otherwise.

ACKNOWLEDGEMENTS

The Committee extends its appreciation to officials from the Ministry of Health; the Ministry of Public and Business Service Delivery; the Ministry of Economic Development, Job Creation and Trade; and the Ministry of Labour, Immigration, Training and Skills Development. The Committee also acknowledges the assistance provided during the hearings and report-writing deliberations by the Office of the Auditor General, the Clerk of the Committee, and Legislative Research.

BACKGROUND

Personal protective equipment (PPE) mainly refers to wearable equipment such as aprons, overalls, gowns, face shields, goggles, gloves and masks, among other items, that is intended to protect the user from being exposed to infectious diseases or other hazards.

Infectious diseases can be transmitted through direct or indirect contact. The Ministry of Health (MOH) issued a directive on March 30, 2020, that outlined the PPE precautions and procedures for healthcare workers dealing with suspected, probable or confirmed COVID-19 patients. The directive included duties by employers to provide workers with information on how to use PPE, as well as an assessment of available PPE and any anticipated shortages.

The Auditor noted that, at the beginning of the pandemic, there was no significant domestic manufacturing of PPE in Canada. Most PPE items were imported, with China supplying around 40% of Canada's PPE in 2018.

According to the Health Pandemic Plan, released by the then Ministry of Health and Long-Term Care in 2004, healthcare providers (Ontario hospitals, long-term care homes, family doctors, clinics and retirement homes) are responsible for maintaining a four-week supply of PPE for emergencies. Additionally, the Ministry has decided to maintain an emergency provincial PPE stockpile that could provide PPE for four more weeks.

Prior to the COVID-19 pandemic, this decentralized supply chain saw healthcare employers procuring PPE, through a supplier, directly from a manufacturer.

During a pandemic, if a healthcare employer was unable to procure PPE through a supplier, it could request PPE from the emergency provincial stockpile, maintained by the Ministry of Health. During the COVID-19 pandemic, procurement for the stockpile was done by the Ministry of Health, in partnership with Ontario Health, the University Health Network (UHN) and health care sector Shared Services Organizations (Plexxus and Mohawk Medbuy). In April 2020, the Ministry of Public and Business Service Delivery assumed the responsibility of procurement of certain types of PPE and distribution to non-healthcare facilities.

The Control Table (one of the sub-tables under the Health Command Table), established by the Ministry of Health in April 2020, was responsible for “co-ordinating oversight of, access to and distribution of PPE to health and non-health organizations, including monitoring the availability of PPE, and ensuring PPE is effectively distributed to health service providers and the broader public sector.” The Control Table used an Ethical Allocation Framework to make decisions on PPE allocation. The framework assessed the urgency of need (based on the organization’s current supply, number of positive COVID-19 cases, etc.) to determine the priority for available PPE supply in times of scarcity.

In November 2020, the government established Centralized Supply Chain Ontario (Supply Ontario), an agency mandated with centralizing the province’s procurement and supply chain, including the supply chain for the healthcare sector. The agency was expected to be fully operational by November 2023.

2021 AUDIT OBJECTIVE AND SCOPE

The objective of the audit was to “assess whether the Ministry of Health had efficient and cost-effective processes with clear responsibilities in place in order to:

- be prepared for a pandemic emergency by maintaining a sufficient stockpile of personal protective equipment in accordance with the Ontario Health Plan for an Influenza Pandemic; and
- respond quickly to a pandemic emergency by procuring and distributing sufficient additional personal protective equipment, with due regard for public safety.”

The audit covered the period from January 2020 to March 2021, and focused on the province’s preparedness and response with regard to personal protective equipment (PPE) between the onset of the COVID-19 pandemic and the audit period. The audit also provides recommendations to help the province’s approach to similar events in the future.

MAIN POINTS OF 2021 AUDIT

The Auditor reported that Ontario was unprepared to respond to the COVID-19 pandemic with sufficient PPE as a result of long-standing unaddressed issues. For example:

- The Ministry of Health had not maintained a sufficient centralized emergency PPE stockpile to distribute in a time of crisis.
- Provincial procurement of PPE was decentralized and fragmented in the absence of a centralized procurement agency.
- The province did not follow a recommendation from 2007 on transparent communication on the allocation of scarce PPE.

ISSUES RAISED IN THE AUDIT AND BEFORE THE COMMITTEE

A number of significant issues were raised in the audit and during the Committee's hearings. The Committee considers the following to be of particular importance.

PPE Monitoring and Inventory Management

The Auditor reported:

- There was no requirement in place to monitor individual healthcare providers' levels of emergency PPE stockpiles at the start of the pandemic.
- More than 80% of the PPE in the provincial stockpile had expired by 2017, with PPE expiration dates not monitored by the Ministry of Health.

Committee members were interested in the establishment and status of Ontario's PPE stockpile prior to the pandemic. The Ministry of Health (MOH) said that stockpiling has been an important part of pandemic management and preparedness throughout the Ministry's history. The MOH created the stockpile in 2004, and the stockpiling guidelines have undergone multiple iterations since then, as the province experienced different emerging infectious disease threats. In 2018, the MOH created a health system framework that was intended to be able to respond to a variety of health threats, including pandemics such as COVID-19.

The Ministry of Health was also asked how it mobilized the stockpile and delivered PPE in the early days of the pandemic. The Committee heard that the majority of supplies were held by individual organizations, and the larger organizations had capacity to fulfill their own PPE needs. Institutions such as long-term care facilities, shelters and congregate living settings were helped by hospitals until the provincial supplies were mobilized.

The MOH said that it activated its Ministry Emergency Operations Centre (MEOC) early in the pandemic to better coordinate the health system response. The MOH and the Ministry of Public and Business Service Delivery partnered with Ontario Health, the University Health Network and the Ontario Shared Services organizations to create a pandemic supply chain task force. The task force's role was to consolidate the planning, sourcing, tracking and distribution of PPE in Ontario. The approach helped Ontario to pursue PPE and other critical supplies in the global marketplace.

Ontario Health was another body that played an important role in the early days of the pandemic, developing purchasing recommendations for the government's initial COVID-19 response, managing the health system ordering platform, and ensuring that long-term care and retirement homes had adequate PPE supplies. Ontario Health also set up regional supply chain tables consisting of regional executive leaders, clinical experts, and health sector representatives. These tables made it easier for organizations to escalate PPE needs, helped ensure that the province was allocating PPE products equitably, and tracked regional resource availability.

The audit report noted that a key recommendation from the 2003 SARS (Severe Acute Respiratory Syndrome) Commission was for the province to adopt the precautionary principle, which states that "reasonable efforts to reduce risk need not await scientific certainty, especially during the early stages of an influenza pandemic when scientific evidence on the severity of a novel virus is limited." The Committee asked why, given the principle, there was no directive to make N95 masks available for front line health care workers. The MOH explained that, at the beginning of the COVID-19 pandemic, the expectation was that the situation would resemble the SARS outbreak. As expectations changed, so did the directives addressing PPE requirements.

The Committee sought reassurance that the provincial PPE stockpile is well managed and maintained. The Ministry of Public and Business Service Delivery (MPBSD) said that it has inventory data now, and that the MPBSD works with logistics companies to ensure rotational storage practices and inventory management so that supplies do not expire. The MPBSD works with 74 more sectors compared to the beginning of the pandemic, and has data on over 6,000 public sector organizations that it serves alongside the Ministry of Health. The organizations report their inventories and burn rates (how much of the PPE is used) on a weekly basis to the MPBSD. The data informs the supply and demand planning group which monitors and analyzes trends and anomalies, and adjusts inventories accordingly.

Committee Recommendations

The Standing Committee on Public Accounts recommends that:

- 1. The Ministry of Health include a requirement in the Health Pandemic Plan that healthcare employers must maintain a four-week, eight-week or 32-week supply of PPE as appropriate to their healthcare setting requirements, and report regularly to the Ministry of Health on their supply levels.**
- 2. The Ministry of Public and Business Service Delivery update the framework of PPE distribution to schools to include distribution to students, and make the framework public.**

PPE Procurement Processes and Data Collection

The Auditor reported:

- Ontario's initiative to centralize procurement (including PPE) was not ready in time to respond to the PPE shortage at the start of the pandemic.
- At the onset of the pandemic, the Ministry of Health had no comprehensive data on how much PPE healthcare providers had on hand, how much they were procuring, or how much of the PPE was used (burn rate), resulting in limited ability to plan and strategize PPE procurement and distribution effectively.
- There were significant delays at the beginning of the pandemic in supplying long-term care homes with PPE. Two main factors contributed to this:
 - The inventory of PPE on hand was not sufficient to support initial requests by long-term care homes at the beginning of the pandemic; and
 - further information and clarifications were needed from entities making the requests as initial requests had insufficient information on matters such as quantities and types of PPE being used.
- There were delays in receiving PPE ordered between mid-March 2020 and June 2020, with the Ministry of Health and the Ministry of Public and Business Service Delivery receiving only 15% and 49%, respectively, of the ordered PPE by the end of June 2020.
- Insufficient storage capacity for PPE resulted in a need to contract more warehouses and distribution centres across the province.

Supply Ontario, a recently created provincial agency responsible for centralizing the government's supply chain, was a topic of interest. Committee members asked about the expected benefits from the creation of the agency, as well as the expected timeline for the agency to become operational. The MPBSD said that, as the agency is new, the work is currently focused on initial foundational activities, including settling on an operating model. The Ministry expects the agency to be operational in 2023.

As for expected benefits, the Committee heard that centralized procurement through an integrated supply chain would allow for the public sector to purchase goods and supplies as one entity, as well as provide the oversight necessary to align the system. The agency is meant to deliver value to public sector entities by leveraging data collection and inventory analysis to facilitate a more streamlined procurement process and greater transparency of the supply chain.

The Committee was also interested in the improvements made to the distribution of PPE to the broader public sector, beyond the MOH. The MPBSD admitted that, at first, it did not have a centralized way of providing PPE and critical supplies to non-healthcare sectors in the short term. Through its engagement with non-healthcare sectors, the Ministry now has a much better understanding of the different non-healthcare sectors' PPE inventories, burn rates and demand projections.

Committee Recommendations

The Standing Committee on Public Accounts recommends that:

- 3. The Ministry of Public and Business Service Delivery work with Supply Ontario to put in place the systems that will enable Supply Ontario to collect the information it needs about Ontario's PPE supply and regularly report this information to the Ministry.**
- 4. The Ministry of Health and the Ministry of Public and Business Service Delivery:**
 - a) continue to collect information on inventory and consumption (or "burn") rates of PPE for both the healthcare sector and non-healthcare sector during the COVID-19 pandemic and after it has ended;**
 - b) obtain pre-pandemic burn rates for both sectors to help inform Supply Ontario on its post-pandemic procurement needs;**
 - c) reassess the 2006/07 recommended quantities of PPE that should be kept in the provincial emergency stockpile; and**
 - d) develop clear guidelines on how healthcare and non-healthcare providers can request needed PPE and distribute these guidelines to all healthcare and non-healthcare providers who may request PPE from the provincial emergency stockpile in the future.**
- 5. The Ministry of Health and the Ministry of Public and Business Service Delivery:**
 - a) collaborate to develop lessons learned in the creation of new procurement processes and warehouse and distribution centres;**
 - b) help transfer this knowledge and incorporate lessons learned and best practices into Supply Ontario's operations; and**
 - c) revise the Ontario Health Plan for an influenza pandemic to incorporate lessons learned.**

Vulnerability to Disruption of PPE Supply

The Auditor reported:

- Global PPE availability was significantly reduced as demand surged.
- The worldwide shortage of PPE caused suppliers to place strict limits on the quantities of PPE that Ontario healthcare providers could order. These suppliers explained that this approach was to prevent hoarding of PPE and to ensure customers would continue to receive supplies.
- The Ontario government and the federal government entered into separate agreements in August 2020 with 3M Canada to expand its Brockville, Ontario, manufacturing facility to produce made-in-Ontario N95 respirators in order to reduce the risk of supply chain interruptions, which have been prevalent during the pandemic.
- The Ontario Together Fund was launched to support Ontario businesses retooling their operations and increasing their PPE manufacturing capacity.

Committee members focused their questions mainly on domestic PPE manufacturing capacity and logistics, as well as procurement mechanisms and imports.

The Committee heard that, at the time of the hearing, Ontario manufactured 46% of the PPE it was purchasing, with the goal of manufacturing 93% of all purchased PPE within 18 months. When asked which government initiatives have contributed to the increase in domestic PPE production capacity, the MPBSD said that the Ontario Together Fund (OTF) was responsible for much of the expansion, as it helped the province develop a domestic PPE supply chain and stockpile. Currently, under the OTF, there are long-term arrangements with four Ontario companies to produce surgical masks, as well as a five-year deal with an N95 mask manufacturer in Brockville, Ontario.

When Committee members presented examples of businesses that produced PPE but were unable to sell it, the MPBSD agreed to obtain details and follow up offline, while stressing that PPE products procured by the Ontario government must meet Health Canada standards. However, the MPBSD also said that it is procuring supplies according to burn rates in the sectors it oversees, and that there are thresholds to inventories. As procurement is linked to demand, the Ministry would stop procuring certain supplies when its inventories of those supplies are adequate.

Current PPE logistics were also discussed, with the MOH noting that it had contracts with nine service providers to store PPE, while the MPBSD had contracts with three more. Some providers own more than one warehouse, while others operate out of a single facility. The MPBSD handles around 40% of the PPE, with the MOH responsible for the purchasing and storage of the remaining 60%. There are also two distribution centres – one centre largely supports the health sector, while the other supports the non-health sectors. The MPBSD completes around 4,000 PPE orders per week. The MOH stopped procuring PPE, with the MPBSD taking over the function on March 31, 2021.

Committee Recommendations

The Standing Committee on Public Accounts recommends that:

- 6. The Ministry of Health, the Ministry of Public and Business Service Delivery, and Supply Ontario:**
 - a) analyze both qualitatively and quantitatively what the optimal balance is between manufacturing PPE domestically and procuring PPE internationally, and use this information in future decision-making;**
 - b) put in place long-term formal agreements with domestic companies that can be triggered when emergencies arise, where these companies can scale up the production of PPE to meet peak demand brought on by health events such as pandemics; and**
 - c) ensure appropriate levels of PPE in the emergency stockpile, as well as the efficient rotation of PPE in warehouses to avoid expiration.**

Transparency

The Auditor reported:

- There was no public-facing communication from the Ministry of Health and the Ministry of Public and Business Service Delivery about the Ethical Allocation Framework, which guided how scarce PPE supplies were being allocated.
- The Ethical Allocation Framework was presented only to select stakeholders.
- There were recurring concerns and frustration by some stakeholders regarding the gaps in public communication surrounding PPE, including concerns over the allocation of supplies from the emergency provincial PPE stockpile and specifically, the processes used to allocate PPE, the province's distribution priorities and how to access PPE.

The Committee asked why the Ethical Allocation Framework, which was finalized around spring 2020, was not made public. The MOH had no firm answer, but mentioned that the level of detail in the framework was a factor when the publication of the document was considered. On June 10, 2021, the Ministry's Control Table (responsible for coordinating oversight of, access to and distribution of PPE) made the decision to retire the framework.

The MOH committed to publishing the Ethical Allocation Framework in April 2022 as a part of a COVID-19 guidance document update. However, at the time of writing, the document was not publicly available.

Committee Recommendations

The Standing Committee on Public Accounts recommends that:

- 7. The Ministry of Health and the Ministry of Public and Business Service Delivery:**
 - a) publicly communicate the Ethical Allocation Framework for PPE and post it on their websites; and**
 - b) incorporate the Ethical Allocation Framework for PPE into the updated Ontario Health Plan for an influenza pandemic.**

Training and Supplying Healthcare Workers with PPE

The Auditor reported:

- A tenfold increase in orders issued by the Ministry of Labour, Immigration, Training and Skills Development for PPE violations in 2020 compared to 2019.
- The lack of sufficient employee training on proper PPE use and storage resulted in frequent PPE violations in different settings, including long-term care and retirement homes.

CONSOLIDATED LIST OF COMMITTEE RECOMMENDATIONS

The Standing Committee on Public Accounts recommends that:

- 1. The Ministry of Health include a requirement in the Health Pandemic Plan that healthcare employers must maintain a four-week, eight-week or 32-week supply of PPE as appropriate to their healthcare setting requirements, and report regularly to the Ministry of Health on their supply levels.**
- 2. The Ministry of Public and Business Service Delivery update the framework of PPE distribution to schools to include distribution to students, and make the framework public.**
- 3. The Ministry of Public and Business Service Delivery work with Supply Ontario to put in place the systems that will enable Supply Ontario to collect the information it needs about Ontario's PPE supply and regularly report this information to the Ministry.**
- 4. The Ministry of Health and the Ministry of Public and Business Service Delivery:**
 - a) continue to collect information on inventory and consumption (or "burn") rates of PPE for both the healthcare sector and non-healthcare sector during the COVID-19 pandemic and after it has ended;**
 - b) obtain pre-pandemic burn rates for both sectors to help inform Supply Ontario on its post-pandemic procurement needs;**
 - c) reassess the 2006/07 recommended quantities of PPE that should be kept in the provincial emergency stockpile; and**
 - d) develop clear guidelines on how healthcare and non-healthcare providers can request needed PPE and distribute these guidelines to all healthcare and non-healthcare providers who may request PPE from the provincial emergency stockpile in the future.**
- 5. The Ministry of Health and the Ministry of Public and Business Service Delivery:**
 - a) collaborate to develop lessons learned in the creation of new procurement processes and warehouse and distribution centres;**
 - b) help transfer this knowledge and incorporate lessons learned and best practices into Supply Ontario's operations; and**
 - c) revise the Ontario Health Plan for an influenza pandemic to incorporate lessons learned.**

- 6. The Ministry of Health, the Ministry of Public and Business Service Delivery, and Supply Ontario:**
 - a) analyze both qualitatively and quantitatively what the optimal balance is between manufacturing PPE domestically and procuring PPE internationally, and use this information in future decision-making;**
 - b) put in place long-term formal agreements with domestic companies that can be triggered when emergencies arise, where these companies can scale up the production of PPE to meet peak demand brought on by health events such as pandemics; and**
 - c) ensure appropriate levels of PPE in the emergency stockpile, as well as the efficient rotation of PPE in warehouses to avoid expiration.**

- 7. The Ministry of Health and the Ministry of Public and Business Service Delivery:**
 - a) publicly communicate the Ethical Allocation Framework for PPE and post it on their websites; and**
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