



ISSN 1180-4327

Legislative Assembly
of Ontario
Second Session, 38th Parliament

Assemblée législative
de l'Ontario
Deuxième session, 38^e législature

Official Report of Debates (Hansard)

Thursday 26 April 2007

Journal des débats (Hansard)

Jeudi 26 avril 2007

**Standing committee on
public accounts**

2006 Annual Report,
Auditor General:
Ministry of Education

**Comité permanent des
comptes publics**

Rapport annuel 2006
Vérificateur général :
Ministère de l'Éducation

Chair: Norman W. Sterling
Clerk: Katch Koch

Président : Norman W. Sterling
Greffier : Katch Koch

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Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
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Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

COMITÉ PERMANENT DES COMPTES PUBLICS

Thursday 26 April 2007

Jeudi 26 avril 2007

The committee met at 0937 in committee room 1, following a closed session.

2006 ANNUAL REPORT, AUDITOR GENERAL MINISTRY OF EDUCATION

Consideration of section 3.11: school boards, acquisition of goods and services.

The Chair (Mr. Norman W. Sterling): Good morning. My name is Norman Sterling. I'm the Chair of the public accounts committee. You can see the names of the various members of the public accounts committee. We have the government side here, the official opposition—Mr. Hardeman and Mr. Runciman—and Ms. Martel from the NDP.

Because this is a rather large delegation, perhaps I would call on the assistant deputy minister of the Ministry of Education to introduce the various different people. We normally have a presentation, and then members of the committee ask questions of the various members of the delegation after that initial presentation.

Ms. Nancy Naylor: Thank you, Mr. Chair. I'll just start with introductions. My name is Nancy Naylor. I'm the assistant deputy minister, elementary and secondary business and funding, for the Ministry of Education. We're joined here today by four distinguished directors from Ontario school boards. To my left is Craig Burch, the director of education for the Durham District School Board. To my right is Bill Bryce, the director of education for the Thames Valley District School Board; Jean Hanson, the director of education for the Rainbow District School Board; and on my far right is Susan LaRosa, the director of education for the York Catholic District School Board.

Mr. Chair, with your leave, I will start with some opening comments.

The Chair: Thank you.

Ms. Naylor: I'd like to begin by thanking the Chair and the committee for the invitation to appear today, and by thanking the Auditor General and his office for the work they undertook in preparing the first value-for-money audit in the education sector.

I am here today to represent the Ministry of Education and to represent our acting deputy minister, Philip Steenkamp. I'm also joined by my colleague David Fulford, the assistant deputy minister and chief administrative

officer of our ministry. We're also pleased to be here with our colleagues from the four school boards that were reviewed by the Auditor General's staff in this respect.

I'm going to provide a very brief overview of the Ministry of Education's strategic directions and our initiatives to support strong management and accountability in the school board sector, and then I'll turn things over to our colleagues from the school boards.

There is a short slide package that has been shared with the members of the committee. I'm not going to speak to all the pages, but it's there for your reference.

Under this government, our ministry has established a strategic direction that has allowed both the ministry and school boards to work toward three clear goals: to improve student achievement, to address gaps in student achievement, and to increase public confidence in education. Over the last four years, the Ministry of Education's investments in education have gone a long way toward helping Ontario's students. For the upcoming 2007-08 school year, we project education funding to be \$18.3 billion, with funding per pupil of \$9,400. This represents an additional \$2,000 per pupil since the current government took office.

School boards, teachers and students have done good things with this investment. Since 2003, student test scores are up, primary class sizes are down, and more students are graduating from high school. The role of our division within the ministry has been to design and administer these investments and to ensure that good management practices are in place to support the use of these investments.

I'd like to highlight a few key ministry initiatives that support strong management in the education sector. All of these initiatives have benefited from advice from our colleagues and partners in school boards. These include expenditure guidelines, operational reviews, transportation reviews, and partnerships on emerging management issues. The only initiative I will address in any detail is the expenditure guidelines.

In December 2006, we asked boards to look at their policies governing expenditures in key areas. We also identified a number of best practices from the sector to guide boards in developing these policies. The four areas that we issued guidelines for included the use of corporate credit cards; travel, meal and hospitality expenses; advertising expenses; and advocacy expenditures. We asked boards to post revised and updated policies in these

four key areas on their website. To date, the majority of boards have done so, and we're advised that the remaining boards are finalizing their policies and will post these shortly. I will say that the board policies being developed have benefited from the advice and guidance offered in the Auditor General's report.

I will leave the committee to review at their convenience the remaining slides governing some of the other management initiatives. At this point, Mr. Chair, I would ask our colleagues from school boards to make a few brief opening remarks.

The Chair: Certainly. May I thank you, on behalf of the committee, for your attendance here today. For some of you, I know it's some distance, so thank you very much.

Mr. Craig Burch: My name is Craig Burch. I'm the director of the Durham District School Board. I'm here with Edward Hodgins, who's the superintendent of business with the board. We're just east of Toronto. We have 70,000 kids, about 7,000 staff—an urban-rural-suburban board. This year's budget is \$545 million, and we are hopefully getting to \$567 million next year. We welcomed the Auditor General, and we support the recommendations he made in his report.

Mr. Bill Bryce: Good morning. I'm Bill Bryce, director of education for the Thames Valley District School Board. With me this morning is Brian Greene, our superintendent of business. Thames Valley encompasses the counties of Oxford, Elgin and Middlesex, as well as the city of London. We have 184 schools, 154 of them elementary and 30 secondary. We have about 80,000 students in our system, translated to about 75,000 FTE, with some 7,500 or so employees. We cover about 7,200 square kilometres. I'm delighted to indicate that our EQAO results this past year, in seven of the eight categories, have increased at rates in excess of the provincial average rates of increase, and the eighth is the same rate of increase as the province. Our budget for next year will be in the \$650-million range. We're delighted to indicate that, according to our elementary staffing preliminary for this coming year, we've been able to meet the primary class size targets, moving forward in that area.

We were delighted with the Provincial Auditor's report, to have a fresh set of eyes. Our focus, quite frankly, has been on improving student learning, and sometimes you need to have that extra set of eyes look at the business practice of the organization. We have read very thoroughly the Provincial Auditor's report, reviewed it with our trustees in public session in December, and have moved forward with action as recommended by the Provincial Auditor.

Ms. Jean Hanson: Good morning. My name is Jean Hanson. I'm director of the Rainbow District School Board. Thank you for allowing us the opportunity to be here. I'm here today with Diane Cayen-Arnold, who is our superintendent of business.

Rainbow District School Board is the largest school board in northern Ontario, with 40 elementary schools and nine secondary schools in the heart of Rainbow

country, which is Sudbury-Manitoulin-Espanola. We have an extensive geographic area—14,000 square kilometres—with a budget of \$155.4 million annually. We're proud to offer quality education and character education programs to 16,000 students, including English, French immersion and First Nations learners. Our 1,600 employees consider student success to be our number one priority, in partnership with our parents and our community.

We're happy to announce this year that we are building our first new school in 20 years. It's presently under construction and will be based on Go Green principles. Environmental sustainability is very much a priority in Rainbow.

We have an example that we believe can be shared with the rest of the province in terms of our student services consortium, which provides transportation, with our coterminous boards, to our students.

We're in the process of accommodation reviews involving seven schools, and we hope the outcomes will be positive in terms of the facilities for our students. As mentioned, student success for all is our number one priority, with a very strong emphasis on outcomes for our aboriginal students. Our First Nations advisory committee is key in this endeavour. Our student success initiative of course focuses on literacy in the early years. Early years are very important to us, and we have invested heavily in those years, as well as investments in meeting the needs of our exceptional students.

I could go on at length about the wonderful things that are happening in Rainbow. I'm pleased to answer any questions you may have.

Ms. Susan LaRosa: Good morning, Mr. Chair and honourable members. I'm Susan LaRosa, the director of education for the York Catholic District School Board. I have with me today the treasurer of the board, John Sabo.

We are located just north of Toronto: 94 schools, 54,000 students, and we are still a growing board. I've been the director at that board since 1997. We certainly appreciate the opportunity to be here this morning and present to you, as we welcomed the Auditor General to our board. We certainly always appreciate a free third-party assessment. It's always important to confirm our best practices in what we're doing and to know where we can enhance our processes. It was a very transparent operation at the board when the Auditor General staff were in. We made the trustees, as well as staff, aware step by step where we were going, so when the report came out there were no surprises, because we had improved some of our practices in the process.

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We're always looking at processes. We have a strategic framework that we follow. In other circles, that might be known as the balance scorecard. That framework forces the entire system to continually refine the processes to enable us to meet student needs. One component of the framework is certainly the leveraged use of resources—that's human, materiel and financial. It's quite a balancing act to put in a number of controls,

look at the return on investment and at the same time meet the outcomes for students. We support the best practice controls and at the same time focus on strategic use of dollars towards student achievement. My background tells me that spending \$10 in controls to save a dollar is not a good practice, so we certainly are very open and reflective on our practices to ensure that the leveraged use of dollars is meeting our needs for students.

The uniqueness of our business, the learning business, is not always predictable. With over 54,000 students coming to us every day with their own unique talents and needs, it's not always easy to predict where you have to spend your money. An example might be a calming room that you didn't plan to build in a school, but because of students having meltdowns and not being able to be near other students, you need to put that in. So you can't always control your spending the way you'd like to.

We very much support the report. We're committed to implementing the recommendations, and we're certainly going to stay on the path of continuous improvement.

I really thank you again for the opportunity to be here.

The Chair: Thank you very much. I was speaking to the Deputy Auditor General. We had a discussion before looking over the report and the responses we've had from the ministry. One of the questions we had asked was how many boards across Ontario had internal auditors. The Deputy Auditor has informed me that the York Catholic board is the only one of the four that actually has an internal auditor. Is that right or wrong? Do you have an internal auditor as well?

Mr. Burch: Yes, Mr. Chair, the Durham board has one internal auditor.

Mr. Bryce: We had an internal auditor and we found that we were having a revolving door in the process as people moved from the audit position into other positions, so we found there was more stability by using an external audit firm. We did have, but we do not currently, though we do have a board audit committee that has been put in place by our trustees.

The Chair: I just wanted to tell members so if they were asking questions of how that works, they might be interested.

Do we have some questions from members of the committee?

Mr. Ernie Hardeman (Oxford): Thank you very much for the presentation from each board. There has been a lot of discussion, not just in the school board reviews but in the reviews throughout the auditor's report, about the use of credit cards, purchasing cards. When the auditor's report came out, in our local paper, of course covered by the Thames Valley board, there was great concern that—one of the problems was that Thames Valley had far too many cards, comparatively, to what others had, that there were thousands rather than hundreds of cards in circulation. Has the board looked at those or have all the boards looked at that part of it to more clearly define who has the cards and how we deal with the purchases on the cards? There is no problem

with having cards as long as everybody is using them properly, but how do we make sure that even after you have the procedure in place, the procedure is being adhered to in all cases of the use of the card?

Mr. Bryce: Certainly we do have a large number of purchase cards; you're quite correct. Thames Valley was applauded by the Education Improvement Commission in, I believe, 1999, for the efficiencies we had achieved by saving a lot of paper and a lot of finance staff by moving to the use of purchase cards. Most of those cards are used by people in our schools who otherwise would have to have travelling purchase orders. These are based on their budgets, so when a teacher-librarian goes out and purchases books, the PCard allows them to very efficiently make use of sales and so on and so forth.

We have policies in place for supervisors, and we reviewed with our principals and our senior staff all of the expectations. The Auditor General made some very specific suggestions that were helpful to us in making sure that we had a thorough process in place. We believe that the practice has allowed for some significant efficiencies and allowed our staff to use the cards wisely and to get the biggest return on the educational dollar.

Mr. Hardeman: Thank you, and I support the process. My questions are really, though, going beyond that. Accepting that everyone who has a card is properly using it, what have we got in place to make sure that that's being adhered to, that the policies are being adhered to? I wouldn't think a teacher-librarian would purchase books. They shouldn't. At the same time, people who have a broader-use card use it for things that—politicians have been known to use it to buy fur coats, I think I read years ago. How do we make sure that that doesn't happen in the education system?

Mr. Richard Patten (Ottawa Centre): That was a federal member.

Mr. Hardeman: I think it was federal too, yes. Thank you, Mr. Patten.

Mr. Bryce: Each supervisor is the person who is responsible for reviewing any of the purchases that are attributed to the PCard. We have reviewed with the supervisors the clear expectations. Our board policy outlines those things which the purchase card cannot be used for, and we have controls on individual cards so that you could not use the card in certain locations, that it just won't be accepted. So there are practices in place with the card once it is initiated. Individuals sign when they get the card that they understand the rules, and we review with the supervisors the board policy. We have clarified our policy. We appreciated the insights, as we say, of the external auditor, who made some suggestions so that we could fine-tune our policy, and we have done that.

In a large organization, we do have to rely on our senior staff, as they review those receipts, that they adhere to the policy. If a person has not adhered to it, then it is turned back and the individual is required to pay out of his or her own pocket.

Mr. Hardeman: You mentioned the senior staff. What's the hierarchy of the approval process for each

card? If it's the librarian who purchases, who reviews that? How does it go up the ladder? And at the end, who reviews your card?

Mr. Bryce: My card is reviewed by the chair of the board. The principal would review the card expenditures of the members of the school staff for which the principal is responsible, the supervisory officers will review the expenditures of the principals and managers within their department, and I review the expenditures of the supervisory officers.

Mr. Hardeman: In some of the other areas, we heard that they use the cards for cash advances. Under the boards, do they have the ability to do that, to pay themselves with the card, to put their bill in and then get cash back out?

Mr. Bryce: That is not done in Thames Valley.

Mr. Hardeman: Thank you very much.

I just want to go to the ministry. Ontario Buys: How is that being utilized among all the different boards? Does it work to the advantage of all Ontarians or only of certain boards?

Ms. Naylor: Ontario Buys is in its early stages. The education sector is characterized by a very high degree of use of purchasing consortiums, so there are a number that are in place. A very well known example is the Catholic school board's purchasing association which the Auditor General cited in his report.

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Ontario Buys specifically is an initiative of the Ontario government, led out of the Ministry of Finance, that is in the early stages of moving to a very high and professional level of electronic purchasing. The specific initiative that pertains to the education sector is known as the Ontario Education Cooperative Marketplace. It's currently in its pilot stages with two boards: the Toronto school board and the Huron-Superior Catholic District School Board. It is an effort to enlist as broad a swath of suppliers to school boards, colleges and universities through one electronic portal—in a sense, an electronic catalogue—and to work with the actual purchasing organizations, whether it's a post-secondary institution or a school board, to automate their own supply chain management activities—their own purchasing activities. That is in its early stages this year. We expect that future waves, in the next two years, will broaden that to a much wider number of school boards.

Mr. Hardeman: As it relates to the different school boards—and we heard this when we had the colleges here—some of the participants said that they could work together and make purchases locally and get a better deal than buying through Ontario Buys.

My question really would be to the ministry. How could that happen? If Ontario Buys is getting the best possible price because we are buying potentially on behalf of the whole province, how come boards, on their own, can get better deals? If the principle is great, what is it that keeps everybody from being involved immediately because, if that's the main purchaser, shouldn't that always be the better price?

Ms. Naylor: As I said, Ontario Buys is in its early stages. However, the objective is to ensure that boards are getting the best price in every purchasing category. There may be some local opportunities on a sale basis or others, but part of the overall efficiency of that initiative is to bring the discipline of the purchasing powers of all the members of the co-operative to, in a sense, the initial negotiation with suppliers, whether they be office furniture, paper or photocopiers, and ensure that the volume of the entire sector is being brought to the negotiation of the price point at which those units would be available to the members of the co-operative.

I will add to that that part of the efficiency is the work that the co-operative would do in the actual school board, college or university, because some of the efficiency that can be brought to bear out of this initiative is really in streamlining the process within a school board that is used to effect a purchase.

Mr. Hardeman: I guess my problem is, then, that the principle of doing it seems wonderful, but if it really works as intended, why would we even have to spend one hour or one minute to convince people to do it? If the Thames Valley board is looking to buy new furniture and Ontario Buys has the best possible price, why would they have to be encouraged to become part of it?

My concern is not with Ontario Buys; my concern is whether the boards are looking to make sure that they get them the best price for the products that they're using. If the best price is always Ontario Buys, why wouldn't everything you need be bought through that, everything that they can provide?

Ms. Naylor: The one important point is that Ontario Buys, and specifically the Education Cooperative Marketplace, has really not gone live yet, so it's just getting off the ground. These boards haven't had the chance to evaluate the opportunity. We are starting with wave one, which represents two boards and a number of post-secondary institutions. I think that within the next 12 months, other boards and other post-secondary institutions will have the opportunity to evaluate the price points they're being offered through that marketplace and make decisions as to whether to join the initiative.

Mr. Hardeman: One final question: As, obviously, all four boards were part of the auditor's report, you've all said in your opening remarks that you are working diligently to implement those recommendations and they're helpful. As you're doing that, are you finding problems in the areas that you have changed, that the auditor recommended you change? When we speak of dealing with the buying cards differently, when we did that, did the results of using the buying cards change? At the end of the day, did it really help that the auditor made these changes? Is the system working better because of it?

Mr. Bryce: I'll start out and indicate that the auditor's report helped us to clarify and refine some practices, and those have been implemented. Those were implemented straight away and I do believe our system is better informed, so any of the ambiguities that heretofore existed

have been addressed. If an individual is not clear, the supervisor is certainly making that individual clear. So I think I can sit here and very confidently say that there is enhanced value for money as a result of taking the auditor's recommendations and implementing them.

Mr. Burch: I think in Durham we haven't saved a lot of money in doing the report. Actually we've probably spent some money on computer systems to make tenders more visible and real, but the important thing for us is that the public has more confidence in our purchasing and there's more communication to the public. In the long run, we think that's good for education across the province and in Durham.

Ms. LaRosa: Certainly, the report has helped us refocus. We always had procedures in place for the PCards and whatever, but it refocused us and reminded us of the procedures. As Bill was mentioning, the supervisor reviews the expenses. Sometimes supervisors are busy and they don't review them as carefully as they could, but when that arrives at the finance department, it comes right back up to the supervisor. It comes back up even to my office to say, "There's a receipt missing," or whatever. So it really has heightened the fact that everybody is on board about the purchase on PCards.

The Chair: How do we continue to keep that heightened awareness or focus on the use of these cards? I know the assistant deputy minister said that various boards—not the four boards that are in front of us today—are posting on their websites their policies. That's fine and dandy. You can have all the policies in the world you want, but if nobody follows them, then nothing has happened. Our concern in this committee has always been to try to have a better administrative process going forward, have more reporting functions that really mean something. Is there some way that we could continue to maintain focus on the principal, the superintendent, all of the people involved, by improving the reporting mechanism?

Ms. LaRosa: I think it has to be in the practice. You're right about the policies; it's just a policy on a website. It has to be in the practice. I believe if the people who are actually going to pay the PCard bills are flagging and sending it back up, that really improves the practice. So I really do believe—because you're going to hire new principals, new people and supervisors, and they may not know the policy quite the same way, but if you have people in the finance department who keep sending it back to where it belongs, and some things don't get paid, that improves the practice. It doesn't take long for that to move through the system.

The Chair: If the quantum was required to be published, in other words, the total amount that the boards spent on cards, it should stay fairly constant from year to year or whatever. It might go up slightly depending on inflation and those kinds of things. Would that help to put a focus on the use of cards or the misuse of cards? I would say that if you had something like that, you would have an opportunity to explain why there was a blip up or down—somebody bought a huge expenditure on a card because it was most prudent to do so.

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Ms. LaRosa: I think we have to reflect on why we have the cards. It's to facilitate needs in a just-in-time service. Your service level may increase, so your amount will increase, but I think it's to facilitate the needs of the system without going through a long procedure with paperwork through the finance department for weeks and weeks for a school or a department to get what it is they need. They all have a limit anyway on the PCard, so there's a control on that. I think the amount of money spent on a PCard may not be a factor for the outcomes you're trying to achieve. You're trying to facilitate the operation of the school board so that people are concentrating on learning and students and that type of thing and not worried about all those other things: time and hurdles to have to jump to get what you need.

Mr. Patten: I just have a quick comment. Welcome to everyone. As some of you know, this is the first time the auditor has moved in to take a look at some of our partners in the community. I wanted to make a comment and I wanted to get your reaction to this, because it always bugs me that this issue comes up again and again. It's the question Mr. Hardeman posed on why all school boards wouldn't purchase from Ontario Buys?

I have a comment on that, and my comment is this: In many cases, especially in rural areas, northern Ontario or eastern Ontario, the best-educated buy would be to maximize buying locally. You can be buying into Ontario Buys, which is mostly dealing, I would assume, with some of the bigger producers, bigger companies that are probably not in your area, probably centred around Toronto. It may appear to be the best buy, but if you can buy from a local distributor—desks, tables or whatever it is, produced by a local manufacturer—that keeps jobs in your area, which means it keeps families in your area, which means it keeps kids, the clients you have, the subject of your mission. It seems to me that's wiser.

I would say we would be wise as a system—and I'd be interested to get a reaction from the ministry—to say, "We want educated, reasonable, effective, meaningful buys of substance." It's not necessarily the best price. The best price you can get from the big companies—big deal. That's going to benefit only a certain part of Ontario; it won't necessarily benefit yours. So if somebody comes back and says, "Yes, this is going to cost us 5% or 10% more, but it's going to help sustain, maintain and support growth or what have you of economic activity in our particular area," I would think as a government and as a ministry we'd be delighted to say, "You know what? That's a wise choice. That's a wise buy." Even though the apparent price is that, we know that it's more expensive in many areas in northern Ontario in particular for oil or certain products by virtue of transportation and what have you.

I'd appreciate any of your comments, and also from the minister.

Ms. Naylor: Perhaps I'll just start and address your question very briefly. I think those are appropriate concerns being brought to the selection of suppliers for

the Ontario education co-operative marketplace. What is envisioned in that exercise is literally hundreds, even thousands, of suppliers being available with their prices online so that boards can evaluate the prices available to them. Some of the examples you cite, such as furniture, there's obviously the cost of the item and the cost of transportation. I think a purchasing initiative based for the province of Ontario to support part of the public sector is certainly going to take into account the need to support Ontario suppliers and manufacturers. It may well be that some of the suppliers available to school boards may be local suppliers and they would be welcome to put their catalogues or their pricing online with the others.

Mr. Burch: Our purchasers and our superintendents of business are classic entrepreneurs. Even though we're a public board, we're a member of the central Ontario Catholic consortium and we're also a member of the Durham region consortium. We buy our insurance through OSBIE, which is non-profit. We're constantly looking at the best price and we always look at local people as well and often—I think it was an older desk. We actually got a better price for wood desks than a new desk; these were refurbished desks. Even though we're a member of these consortiums, we can still sometimes find better deals, as we did ourselves on gas, than some of the consortiums can offer to us. I do expect that that will continue into the future.

Mr. Bryce: Our trustees have added in our purchasing policy exactly what the honourable member has requested. It says:

“Local Preference: Subject to paragraph 5”—which references the Quebec-Ontario trade agreement—“local and then Canadian supplier preference will be used when all factors such as price, quality and delivery are equal.”

Our trustees have firmly entrenched in the policy exactly that to which you have referred.

Ms. LaRosa: At York Catholic, the honourable member's comments touched close to home. As the daughter of an independent grocer all my life, I certainly know that relationships at the local level are really important. Though we are a member of consortiums and buy in bulk those items that your local merchant might not have, we do keep in mind the livelihood of the people in the region as well, so it isn't always best price.

The Chair: Mr. Lalonde? Oh, I'm sorry.

Ms. Hanson: That's quite all right.

The Chair: You came the longest way, so you get a chance.

Ms. Hanson: There you go. We too are involved with our coterminous boards and we're involved in partnership with Collège Boréal, Cambrian College and the hospital organizations to maximize the use of our dollar, but like the other boards, our trustees are also always very concerned about buying and supporting the local economy.

The Chair: Mr. Lalonde.

Mr. Jean-Marc Lalonde (Glengarry–Prescott–Russell): Thank you very much for being here this morning, especially the ADM, Ms. Naylor.

I just want to carry on with what my colleague was saying before I go to my question. When you purchase locally or when any purchasing is done, do you require that \$2-million liability insurance every time you buy even \$1,000 or \$10,000, like Government Services is saying? For whatever is purchased through Government Services here, they require the \$2-million liability insurance. I've been fighting against that because local businesses cannot sell to government because of it at the present time. It costs \$2,000 every time you want to get \$2 million in liability insurance, for a purchase of probably \$10,000 worth. So you don't put that in practice, ADM?

Ms. Naylor: It is true that our standard contracts for either goods or services do include a requirement that the supplier carry liability insurance. In many cases, that's a very appropriate provision. In some cases, for example very small suppliers, we amend that provision in the contract. So there is some judgment applied in individual circumstances.

Mr. Lalonde: Also, again before I get to my question, when a school board is giving a contract for building a new school or addition or a renovation, do you insist that they are registered with WSIB and the Ontario Revenue office? I've seen many school boards that are not asking for that. Even though I was working on this labour mobility issue, I found that I received phone calls from trustees asking me if I knew what I was doing, because they were getting contractors that were not charging the tax. I said, “We pay for the school, and right now you fool the system.” Really, there are school boards that were trying to get away from paying the taxes, giving this to contractors outside the province. And it's still going on; it is still going on right in Ottawa at the present time.

1020

In my area, I do have six school boards which overlap one another. My question is, have we ever tried to centralize transportation? There's a group that came to my office and showed that to me, and there would be great savings, better service, and you wouldn't see six to eight buses going through the same street in the morning, which bothers people, and I don't blame them. Once their children are out of school, it's only then that they start to criticize seeing six or eight buses going through. They are school boards. The partnership is the best. I was very pleased last week when the ministry told me, “Tell the school boards to shrink down their applications and work in partnership with others, like municipalities or the private sector, other school boards,” which is important. Do you force these school boards to do so?

Ms. Naylor: We have mandated transportation consortia, not on a completely centralized basis. We have asked school boards to move toward delivery of student transportation through regional consortia, and boards have formed into 35 transportation consortia. So most of those consortia are delivering service for the four boards in their areas. In some areas it may be two or three boards, with a fourth board purchasing service if they have a very small number of schools in that region. So

we are currently starting on a three-year process of reviewing each of those 35 consortia. We are very pleased with the progress the boards have made in terms of moving towards consortia delivery. It has saved money. We think that further efficiencies are probably possible. But certainly coordinated planning of school bus routes and the ability to transport students on integrated buses is a much more efficient and effective process, and it also centralizes responsibility for the safety of students, which is certainly the overarching principle of student transportation.

Mr. Lalonde: My other question would be about advertising. At the present time, they are putting full pages into newspapers and billboards along highways to try to pull students away from other schools. This is costing millions and millions of dollars to school boards and that money is not spent in the classroom. Do we intend to stop this advertising that is going on?

Ms. Naylor: That was one of the guidelines we issued last December that we asked boards to develop their own policies about. So we did issue direction or guidance to school boards in terms of best practices on advertising expenditures. What we identified as legitimate advertising expenditures was advertising about, for example, kindergarten registration. Certainly new families, or new families to Canada or Ontario, may not be familiar with the registration processes as their children start school. What we identified as an inappropriate form of advertising expenditure was advertising that was primarily designed to recruit students from other boards. That's a much less prevalent practice, but perhaps sometimes in existence. Certainly, some advertising about school events or, for example, opportunities for community input into school planning or facility planning are also appropriate examples of advertising expenditures.

Mr. Lalonde: My last question is on the standing offer agreement. I do believe that most school boards have a standing offer agreement. What I've noticed before, and it happened to me here as an MPP, is that we have standing offer agreements here. When it comes time for services, they send people from Toronto 500 kilometres to fix a fax machine, for example. I insist that they have a standard that they give the contract locally and they could work it out with the company. Otherwise, with the standing offer agreement they might get the better price, but when you look at it service-wise, it becomes five times more expensive.

Do you look at this, when a standing offer agreement is given for purchasing—it could be office supplies, office furniture, anything—that there's a local office or an entrepreneurship that could do the service?

Ms. Naylor: Would you like the boards to respond to that question, perhaps?

Mr. Lalonde: Okay.

Ms. LaRosa: If you're talking about photocopying equipment and so on, there's a local serviceperson who deals with that.

Mr. Lalonde: That is right, yes.

Ms. Hanson: And that would be something that we'd be very conscious of, in terms of selecting our suppliers

to ensure efficiencies and that dollars are not wasted in that kind of environment.

Mr. Bryce: We too look to local support, in part because of expense and also in part because of timely repair. If you have somebody coming from 500 kilometres away, they obviously can't get there as quickly as somebody local, so we look to local support.

Mr. Burch: In Durham, we do both. Since we're so close to Toronto, we don't always do local, but we look at local. We certainly have some people who are located in Toronto and not in Durham.

The Chair: Thank you. Ms. Martel.

Ms. Shelley Martel (Nickel Belt): Thank you, Mr. Chair. I thought you had forgotten me after Mr. Hardeman. Let me begin by thanking everybody for coming. I know some of you have come a long way, and we appreciate your presence here today.

I want to start with the ministry. I think I want to pick up where Mr. Lalonde was on his second-last question, not because I have clear examples of this but because it does raise an issue for me. As of December, the ministry has issued some information around advertising, corporate credit cards etc. Where do you think your responsibility begins and ends in terms of ensuring that the school boards are following that policy? I say that because I don't think some of the policies are very clear, so I've got concerns with them; for example, advertising around school recruitment. Where does your responsibility begin and end in terms of determining whether or not that is appropriate?

Ms. Naylor: I think initially the responsibility that we undertook was to suggest to school boards that they did require a policy in this area. Our review of school board websites and our discussions with schools indicated that that was an area where a small number of boards had policies posted. Other boards may have had policies or practices that were well established and understood, but our suggestion to the sector really was that those should be formalized so that they were transparent both to members or employees of the school board but also to members of the public. We do expect that as boards finalize those policies, we'll review them. I think we will identify some best practices and reflect those back to the sector, so if boards do want to refine their practices, they are aware of what the best practices are and what typical policies reflect for other school boards.

Ms. Martel: Where are you drawing your best practices from as the Ministry of Education? And then I'd like to ask the school boards, because as you look at the policies across these issues, they're different, obviously. I'm not saying that's good or bad; I'm just saying that clearly there is not one set of guidelines that everybody's complying with, that it would be a local issue that you would have to deal with. But the ministry gave direction, and the school boards have direction and best practices, and I don't know where all of those are coming from.

Ms. Naylor: I think primarily we would look at what boards have come up with. There are 72 boards, and

often a board may have taken a leadership role in developing a policy in that area, perhaps because of an example or a decision by trustees to do so. Our sense and our experience have been that when we look at the example of 72 boards, we often find leadership in a certain area that is well worth sharing with other boards.

Ms. Martel: Are each of the boards responsible for providing the ministry with either best practices or their guidelines, policies and procedures—that's the first question—so that you can actually see what's going on across the boards? Secondly, if that's happening in a particular area, how do other boards know about it? Is there a central—"repository" is probably not the best word—site, central method of communication, so that other boards can actually be aware of some innovative best practices and can see if they can be implemented in their own areas?

Ms. Naylor: The request we made when we asked boards to develop these policies was that they develop the policies and post them on their website so they are available publicly. What we have indicated as well is that we will be reviewing these policies over the coming months, and our sense is that we will provide a summary of those policies and reflect that back to the sector. We have a number of regular reporting or engagement opportunities with the sector, both with the Council of Ontario Directors of Education and the council of Ontario senior business officials, as well as regular meetings with trustee associations. I expect that the review and summary of those policies will be an agenda item in those forums.

1030

Ms. Martel: I apologize that I don't know all the details of the two councils you just mentioned. Do these include all of the directors of ed. across the 72 boards? I'm assuming so. Do you folks meet on an annual basis and share the kinds of best practices that we're talking about?

Ms. LaRosa: We do have an annual conference where we share best practices. We also have other meetings where we share best practices. We go to a website as well where we can question each other and share our practices and so on. Most of the time, it's a partnership with the ministry. We try to understand what has come out and try to comply with it. Sometimes, the ministry sends us off to another board to ask them, because they have something in place and so on. It's very much a partnership.

Ms. Martel: The website that you mentioned, is this accessible to all boards?

Ms. LaRosa: It's accessible to superintendents of all the 72 boards.

Ms. Martel: So information can be posted on that that is distributed across the 72 boards.

Ms. LaRosa: And some board might have a question about a practice, and other boards will answer the question.

Ms. Martel: There was a second council. Was that a finance administrators'—

Ms. Naylor: The council of Ontario senior business officials, OASBO.

Ms. Martel: Is it the same thing in terms of this group: a representative from each of the boards, annual meetings? Is there somewhere that information can be posted as well that people can have access to in the same way as the council you just referred to?

Ms. Naylor: Yes, there are websites available through the parent organization, which is the Ontario association of senior business officials.

Interjection.

Ms. Naylor: The Ontario Association of School Business Officials—my apologies.

Ms. Martel: I appreciate that information. Let me go back, though, to this question. Mr. Lalonde raises a complaint that he sees billboards that he feels are an attempt to recruit students from other schools—not at JK.

Mr. Patten: Other boards.

Ms. Martel: Other boards, sorry. What does he do if he has a complaint about that, go to the school board? Obviously, if the school board's got it, they probably don't think it's wrong or contravening any policies. Where does the ministry come in in terms of saying, "Yes; no; maybe we should do something about this," etc.?

Ms. Naylor: If a citizen or a member of the Legislature had a concern, they would certainly be free to contact the ministry, either through the minister's office or through staff. We would be in touch with the board and probably discuss the nature of the advertisement, ask how it relates to their policy and arrive at a decision in concert with the board.

Ms. Martel: Does the ministry have a legal obligation in any of these areas, either through the Education Act or some other vehicle?

Ms. Naylor: I think we'd have to assess whether there were aspects of the Education Act that came into play, depending on the situation.

Ms. Martel: When I looked at—actually, let me deal with this first. You told us earlier that you had sent out the guidelines, which was in December. You had asked all 72 boards to post by March. Can you tell me how many boards are left to post their policies? I'm assuming those were the four that the auditor had identified, not others.

Ms. Naylor: Sorry, just to clarify the question, are you asking how many boards have posted the policies that we asked them to develop?

Ms. Martel: Yes. You said you expected the school boards to make them available by March 31, but I don't think I heard you say that everybody had complied.

Ms. Naylor: That's right. Our sense right now in terms of a review of the websites and our latest contact with the boards is that about 30 or 40 have fully posted the four policies. In the remaining boards, they are in the process of developing those policies. In some boards, there is either a board policy or bylaw that requires public consultation, so they need a bit more time. Our

understanding is that all boards will be finalizing those policies and posting them in the near future.

Ms. Martel: Are you getting any pushback from boards around doing this, or is it more a matter of, where there are requirements for public consultation, those still need to be met in order to either develop or modify bylaws, policies and procedures?

Ms. Naylor: I'm not aware that we have any concerns. As a matter of fact, many boards are viewing this as a very positive process.

Ms. Martel: We found out that one board had an internal auditor and that another had, but, through various people moving, that changed. In the experience of at least the two who did, is there a way to measure how valuable that was financially to the board? Do you understand what I'm getting at? I recognize that there are bigger and smaller boards. Some can afford to do that. In some cases, the board may be too small and it doesn't make sense. But I'm curious as to how effective that position is, then, in terms of either identifying savings, being very specifically on top of purchasing and those controls, etc.

Mr. Burch: We do have an internal auditor. He spends most of his time in the schools with the principals and the head secretaries. We do believe we get value, but I couldn't pull a report that showed the value to you today.

The Chair: Could I just ask a supplementary on this, because this is key. We have 68 other boards that were not examined by the auditor. How do we ensure that they got the message? Is there some kind of reporting that we as a committee can ask those boards to come to us and say that they've done this or that, so that we know that they're keyed in on this issue? Can you help us on that?

Ms. Naylor: Mr. Chair, I think we would be very happy to report back to the committee over the coming months, for example, on the finalization of the expenditure guidelines. There's a fairly close match between the Auditor General's recommendations and the guidelines that we asked school boards to develop. We'd be very happy to write to the Chair in the coming months and report on the finalization of that exercise. I think that it's also true that we reinforce on a regular basis the need for appropriate financial controls, which is a broader exercise.

The other thing that the committee may be interested in is the operational review process which we are initiating with school boards. Again, we do see that being a three-year process to review all boards, the status of their financial management, and their controls on both facility and staffing expenditures.

The Chair: Yes, but these are all words. Is there nothing in the quantifiable sense, that we can see numbers of some sort which would indicate whether or not these boards have got the message? That's why I asked earlier about—if they reported how much they were using the cards from year to year, that would, in my view, focus very, very pointedly on the issue. There wouldn't be a director of education who would be concerned about that from year to year, that there were some

kind of balance or some explanation why the balance was upset. Why wouldn't we ask for that?

Ms. Naylor: Are you suggesting that perhaps we ask for a report on the level of expenditures registered on purchasing cards each year with explanations of any variance?

The Chair: Maybe each month on their website. We're looking for accountability here. Our purpose here in this committee is to ensure that people have their eye on the ball as they go forward—the administrators who are spending our taxpayers' money. The problem with words and policies is that we don't know whether they're being followed or not or whether their eye is continuing to be on that policy. We have some with an internal auditor, which we would feel more comfortable with because we know somebody is looking over somebody's shoulder.

Ms. Naylor: We do have very detailed expenditure reporting by boards three times a year. If this is a recommendation from the committee, we could certainly look at incorporating this aspect of reporting into that. I'd be very happy to take that and discuss it with school boards through the consultation mechanisms that we have.

The Chair: Okay. I'm sorry, Ms. Martel.

Ms. LaRosa: Can I comment just on that point? If it's going to be a requirement for all school boards, I think as well there need to be some resources to provide that, because right now we're stretched and challenged trying to use every dollar we can. So I think it would be important, if it were a requirement about this reporting and so on, that we would have the staff to be able to do it.

1040

The Chair: The auditor tells me that those numbers are very easy to get in terms of—this information is provided very, very easily by the people who are administering these cards. It may require some additional—

Ms. LaRosa: I'm sorry; I'm speaking more about the internal auditor component, not about the PCard. You can get that information, yes.

Ms. Martel: If I can just go back to my question about internal auditors—I got one answer and I think I was on my way to a second before the Chair asked a supplementary. So you were feeling, Mr. Bryce, that you wanted to respond to that?

Mr. Bryce: We are the board that had an internal auditor, and found that we were spending a lot of time and resources training internal auditors as they moved through our system. We have a highly trained finance staff. While they're not called internal auditors, they are out in the schools regularly assisting schools and the appropriate individuals in the schools in knowing how to adhere to the policies, understanding the policies. So while they're not auditors per se, they are out in the schools, very visible and doing that job.

Our external auditor goes into a number of schools each year and prepares for me and the principals a detailed report on various components. Part of it is financial, but there are other things in terms of attendance

and various expectations. Those reports are made to us. The principals are asked to enhance practices in certain areas. The principals share those findings with their colleagues so that there is learning that goes on.

I would indicate that there has been and there will be a significant turnover in principals. Principals take their jobs because they're instructional and program leaders. Our job often is to enhance their knowledge of business practice. They come from the learning side, and we have to work on the business practice. So we spend a fair bit of time and energy and resources helping them fully understand the business practice expectations. Our finance staff, along with the external auditors, do that, and they share knowledge amongst themselves.

Ms. Martel: If I can just follow up on the external auditor—it's not a value-for-money audit per se, as the auditor would have done. Do you make specific requests of that auditor in terms of specific schools, or are you saying, "This year we want you to go into those schools and focus on A, B and C"? How does that work?

Mr. Bryce: We have used different criteria in the past. If a principal was retiring, we often went into the school before he or she retired to ensure there were no loose ends as a person was retiring. Sometimes our big schools were looked at, which are fairly complex. We try to use schools from across our board. Because we have four distinct geographic areas, we try and monitor throughout. So we try to get a representative sample so that we can get a sense, and as I indicated, they look at adherence to board financial policies, but they also look at adherence to reporting on attendance, petty cash disbursements, teachers and fundraising—there are a variety of areas that they get involved in. They make recommendations. You're right: They're not value-for-money audits; they're adherence-to-policy audits. That's the basis on which we learn and help our principals and staff learn.

Ms. Martel: Do you post those as a matter of course?

Mr. Bryce: No, we do not post those publicly. We share them and work with the individual principals and the staff concerned.

Ms. LaRosa: We have a position of internal auditor, but there's a lot of staff in finance, because it's certainly good business practice to audit what's going on in our schools. So the schools are audited on a regular basis; they're on a list. That report as well is shared with the principal. The school council funds are also audited at the same time. We conduct workshops for the treasurers of school councils, because we want to make sure that they have the best practices as well in place. Those reports are not posted, but certainly they're followed up with the school's superintendent, who works with the principal and the school council, and the schools are audited on a regular basis. Now, if there's a concern somewhere, that school automatically jumps the list, and it's done right away to make sure that we can get a handle on it.

The financial value of having an internal auditor—I'd have to go back and check those, but what it does do, though, is it certainly enhances your practices, very much so. It keeps everyone sort of understanding good business practices.

Ms. Martel: I'm not sure if the ministry is maybe the best to respond to this. We've got a sense of at least the boards here. How representative are these boards in terms of having an internal auditor? Is that the regular course of events across the boards or is that more an exception than the rule?

Ms. Naylor: Our sense is that the larger boards have internal auditors, so we certainly have a representation of board size; I'd say this group of school boards is slightly biased toward our larger school boards. In smaller boards, there is often a very small management team. Internal audit, by definition, you want to be slightly apart from your management team. It is an internal discipline to do that. In small management teams, sometimes it is more effective to rely on external auditors perhaps more thoroughly than you would if they were just reviewing your financial statements.

I will just add one other thing. Accounting practice has introduced a new requirement for external auditors. They are being asked to offer an opinion on the state of internal controls in the organizations being audited, so that is a little bit of an expansion of the expectations on external auditors. That is, in a sense, something new that they are being asked to opine on in their annual reports.

Ms. Martel: Those are practices, though, that have been in place by accounting agencies or bodies, not by the ministry making that request of boards.

Ms. Naylor: Right. That's an expansion of the PSAAB accounting rules.

Ms. Martel: And would it normally look at some of the issues that the auditor identified in terms of advertising policies around use of corporate cards, PCards?

Ms. Naylor: Perhaps the most typical example is that the controls on purchasing cards, for example, would be something that an external auditor would look at and offer an opinion as to whether those are adequate controls.

Ms. Martel: And for those that have external auditors and that's coming back to the board for that review, the ministry doesn't get copies of that, do you?

Ms. Naylor: Oh yes, we do get copies of the auditor's reports on all financial statements.

Ms. Martel: So whether it's just—I don't want to say "regular" auditing—year-end auditing of financial statements, you get that and then anything that's done by external auditors that might be above and beyond regular practice.

Ms. Naylor: Yes, and that's an important part of our review at year-end when we review the boards' financial statements, and we generally do a reconciliation of their grant entitlements at that point in time.

Ms. Martel: Can I ask the boards that are here—I know that most of you would be involved with consortiums. Do you also have vendors of record? As a school board, do you use that too? And is that a new policy that has come into place as a result of what the auditor identified or has that been a long-standing policy? What would be your policies and procedures around a use-of-

vendor list, I guess is the best way to describe it, or a vendor list? I don't know who has that. Jean?

Ms. Hanson: I can speak to that. We have been ensuring that our requests-for-proposal process is carefully followed. I think the Auditor General's report has highlighted the importance of ensuring that we do this on a regular basis and that they are reviewed annually. That has been highlighted through the auditor's process. We use a public advertising system on our website and through MERX, which is the international request-for-proposal system, the advertising system.

Ms. Martel: As a matter of course, what would be the supplies or services that you would normally have a vendor-of-record list for?

Ms. Hanson: Sorry?

Ms. Martel: What would be the nature of the supplies or services where you would be maintaining a vendor-of-record list?

Ms. Hanson: Architectural services—

Ms. Martel: Repairs?

Ms. Hanson: Repairs. Glass replacement is certainly one that was mentioned in the auditor's report.

Ms. Martel: Would that be the same with the other school boards, then?

Interjection: Yes.

Ms. Martel: Chair, I'm not sure I've got anything else, so I'll let the rotation go.

The Vice-Chair (Mr. Ernie Hardeman): Okay. Mr. Patten?

1050

Mr. Patten: I just have a couple of comments and a question. One is that it's always the propensity from the centre to standardize everything. While there are some merits in doing that, it sometimes kills the opportunities for flexibility which are required because each board is different and every geographic area is different, and every board can identify something that no other board has to deal with. The system doesn't recognize that. That's the problem. So I'm not a big supporter of more and more detail. The ministry has sent out a set of guidelines. I believe the auditor will follow up on this. It's the first time we've taken a serious look at our transfer partners—it's not just the school system alone—so it's a learning experience for everybody.

Generally, the auditor's comments were quite complimentary, frankly. They thought that you were doing fairly well, with a few suggestions and recommendations. I want to make sure you get that message, that this is not such a negative sort of experience, that we're all learning in this, but at the end of the day we don't end up taking back some of the little authorities that you still have as a board that have tended to be centralized so that you can serve the uniqueness of the populations that you have. So I'm not a big believer in that. I'd like to see the system work itself out. The ministry has sent out some guidelines. I'd like to see what the responses are and let that education system handle it without, all of a sudden, value for money. Money isn't everything, as we know, and that's not your business, and it shouldn't be.

Number 2, there are a lot of things that happen which are very seldom talked about within your systems voluntarily. We're not talking about any of that today, but I want to bring it up because I know how many things parents and how many things students do in being involved in all kinds of activities for the environment or for friends in schools in other countries, in some cases friends in other schools, raising money for sports or raising money for certain special activities. In that vein, there was an attempt with a new accounting system—I think it goes back about two or three years—that the ministry was implementing which was affecting all the school boards.

One of the areas where there was, at the time, resentment from some of the parents in particular who were out selling used books or having a bottle drive or whatever it was for the things they felt could enhance equipment in the school or whatever it might be—they were asked to be included in that accounting system. I don't know if you can identify with this. It certainly was true in my board. My wife is a schoolteacher of junior kindergarten. She's reaching into her pocket all the time, believe me, for all kinds of things. She's attending voluntary events with parents. They have school events for people who retire. Do you know who pays for that? The teachers. Their colleagues come and bring something from home for an event in terms of, "Well, I'll bring a salad while you do this." You know, we forget that.

I just want to remind us that this is a bigger picture, that while we talk about value for money and all those kinds of things where we should be accountable to taxpayers, we must never forget that there's another very generous, important aspect to all of this in your particular role of being so important to the communities. That should be acknowledged as well. So I would like to offer that and maybe ask you, at least on that new accounting system, related to parents, school councils and the money they have, where they had a little account in the bank before and they had \$800 or whatever it was—now that has to be drawn back in and identified. I don't know why. I fought against it as a member—but how that is working out, whether it has been resolved or whether it's still a problem.

Mr. Burch: In Durham, there was some reluctance at the beginning of this process from 10% of the school councils of our 135 schools. They were worried that somehow we were going to take that money they had raised, as you suggested, and somehow use it for something that we wanted to use as a board or as a principal or as an administrator. But as we have worked through it, the issue seems to have gone away. Even though we told them that's not what we're going to do, they had to see it to believe it. They have seen it now for a couple of years, so that issue seems to have gone away in Durham.

Mr. Bryce: In Thames Valley, we have extensive home and school organizations which are separate and distinct from the school councils. The ministry did issue documentation indicating that home and schools are not covered by PSAB, so that's a concern. They are individ-

ually constituted and at arm's length, so they are not captured by this.

The school councils: It was a learning curve, as Director Burch has indicated. Our external auditor was very good about coming to the board and helping explain to the trustees and the public the reasons why. Yes, it's extra work, and some school councils feel that is time directed away from their prime purpose, but in any accountability, one recognizes that there is some extra effort. I think I can safely say that people understand now and the fear of the unknown has gone away and the home and schools have had their concerns very properly and appropriately addressed.

Ms. Hanson: I think all the school boards will recognize what these kinds of funds do besides raising money: They build community, and the kinds of projects that are taken on by school councils are an important part of building that community.

For us, our principals are required to work with their school councils on an annual basis to plan and to ensure that the community really does have a say in how the funds they raise are spent. That has been the important point in our jurisdiction: Who makes the decision? Does the principal make the decision, does the community make the decision, or is it a shared decision-making process? At the end of the day, for us it's very much a shared decision-making process, with everybody being watchful to ensure that the funds can always be accounted for.

Ms. LaRosa: Like most things, change is never endorsed by all at the same time. There was a lot of misunderstanding, and that misunderstanding has been cleared up, and we're moving forward quite nicely with it.

The Chair: Ms. Smith?

Ms. Monique M. Smith (Nipissing): Thank you all for being here.

We've talked a little bit about the Ministry of Education issuing new expenditure guidelines around the same time that the auditor's report was coming out. I appreciate you being here, Nancy, but I want to hear from the boards about how—we've talked about PCards, we've talked about your finance people, or at least one board did, we've talked about the bulk buying or the buying process. Could each of you speak for your boards on how you've addressed the concerns that were raised by the auditor in his report, as well as how you've addressed the guidelines that have been suggested or that are under discussion? How are you responding to both the auditor's report and recommendations and the guidelines that are being proposed in a real, everyday, factual way?

Mr. Burch: Durham had a very small number of PCards. I think we had 170, and I think we have 135 schools and about 25 managers. We reviewed that with all the people who have the PCards and we didn't find any major issues because of the small number of cards.

On other aspects of the Auditor General's report, we do believe that we were in the spirit of compliance with what you want us to do with the taxpayers' money, but

there were some small issues that we needed to deal with. We now have monthly sign-off of all expenditures through PCards through the comptroller of finance. That wasn't quite monthly, and now it's exactly monthly. We are adding a system where the tenders come up automatically on our computer systems in the area so that there's no sloppiness about when the tender ends and when it should be publicly put out as tender.

We had some practices that the auditor thought we could improve on, which we have changed. For instance, we had a contract to buy glass to replace glass for broken windows. Even though the individual jobs were not \$50,000, which is our limit, it could, in a year, slide over that so we've changed that practice to some degree. More importantly, there were only about three or four people in Durham who did glass. We invited people locally who were interested in that but we didn't put it in the newspaper. We're going to change that and put that in the newspaper, and similar things with custodial supplies. There aren't too many companies in Canada now that do chemicals and supplies. We did invite the people we knew were in the business but we didn't put it in the paper. We're in that process now. So there are things that I believe we are doing, such as those examples, which primarily will help give the public more confidence that we are into value for money.

1100

Mr. Bryce: On December 2, the provincial auditor issued the omnibus report. On December 19, at our board, we listed the seven main recommendations and all the subsets. We had a column with management comments on how we stood in each of those areas and then a column on what action had to be taken. We advised our trustees and our public within a couple of weeks; in fact, it was the first real board meeting after our inaugural board meeting in which we could get that information out.

In the areas where action was required, we have, through our policy committee, brought administrative recommendations for change in policy to take advantage of the insight, advice and experience of the Auditor General. Our board practice is that it's out for a minimum of 60 days of public input and sometimes that public input generates changes, which generates more consultation.

We have responded to all of the items in the provincial auditor's report. We found them constructive and have, as I say, gone to our trustees and we are in the very final stages of completing the last parts of bringing all of our policies to an enhanced level of awareness, if you will.

In terms of the memo from the ministry, we work with the ministry on a regular basis. Certainly the ministry's memo plus the auditor's information and where we were at were very much in sync with expense reimbursement and the PCards.

In terms of advertising and advocacy, the only advertising we do is for the kindergarten registration. We have never done advocacy. We haven't yet published policies on that because we haven't done it, but it's the part that our trustees are getting to.

Ms. Hanson: It's always a pleasure to be third in the row because I can say, in many instances, ditto.

Since the auditor's report came forward, we have implemented a centralized computer system for entering purchase orders at source and ensuring that all high-value purchase orders do go through our finance department and that quotes are recorded and submitted to our finance people. I've mentioned our request for proposal process and posting on MERX and on our website. We now have a monthly report to ensure that estimates coincide with actual expenditures and there is no over-expenditures, or at least if there are, they are very carefully scrutinized. Our purchase orders have a duration of one year now and are no longer able to float for an extended period of time.

We're constantly reminding staff about the importance of receipts that get stuffed down into people's purses. That is the reality of what happens when people are out using PCards to obtain good value for their dollar. That will be a constant and ongoing message to our employees. All employees with PCards do have a budget line and the budgets are examined on a regular basis by the immediate supervisors. Prepayments are not allowed, have not been the practice of the board.

Going back to documentation and lost receipts, they're very carefully identified to the immediate supervisor and superintendents become involved. Our finance department flags any unusual expenditures and there are questions asked. We're a small enough system that that questioning is a very intimate process involving sometimes the director because we are a smaller system.

We have issued guidelines to staff regarding funds for social events. Our alcohol policy has been reviewed.

We've never allowed travel expenses except for the director and two executive assistants. We've never allowed travel expenses on PCards. People put the money out first and then claim afterwards. We try to have a good fast turnaround time so people are not out of pocket.

We have an annual review process of unused PCards so that those that are not being used are discontinued.

We also, in terms of our advertising, are very conscious of ensuring that we have a solid communications strategy that involves informing our community, particularly our parent body, about the school system in general, not always specific to our school board. We need to ensure the parents have good information, so that they can navigate the school system on behalf of their children, help their children to make good choices. I would say if we looked at our communications that come out centrally, they are truly focused at informing as opposed to recruiting.

Those are some of the things that we've done as a result of the Auditor General's report.

Ms. LaRosa: Thank you. Some of the recommendations were reviewed, and the practice was changed while the Auditor General's staff was still with us. We've changed them, the PCard particularly. If you didn't have your receipt, we instituted, on the recommendation, admin 19 form, that you had to fill in exactly why the purchase was made and for what purpose and what outcome.

We instituted a new unique tool for calculating the mileage in the region so it was clear, the mileage from school to school, so that there was no discrepancy there and someone didn't have to go down and count the mileage. Those were changed while the Auditor General's staff was still among us.

The one about advertising, we've never done that, so we're still putting our policy together. We've never gone out to advertise, looking for students. What we do is, during Catholic Education Week we put in the local paper six or eight of our distinguished alumni and celebrate Catholic Education Week. That's one thing that we do. We think that's a wise use of dollars, but we're not soliciting students from that.

Some of the other policies, like the alcohol—we never pay for that anyway, for a long time.

We're still reviewing the staff recognition and gift purchase policy, and that will be done by the end of the school year. It's the question about "Why did you purchase 25 gift certificates at a bookstore?" or whatever. We're weighing that. It's a recognition of the work people have put in, what they've done. It's certainly more cost-efficient for us than to pay a consultant or somebody who's worked all weekend to put a program together, to pay overtime. So we're still weighing that policy out: Can we have a gift purchase policy, a reasonable one? We're still working at it.

During the course of when the Auditor General's staff were in the board, we reported on a regular basis to the board's audit committee, so they knew what we were trying to improve on, and we moved forward with that.

Ms. Smith: I just have one more question. I'm familiar with the directors' association. Colin Vickers, one of my directors, who announced last night, sadly, that he's retiring—

Ms. Hanson: Really?

Ms. Smith: Yes. He is very involved, and he's also my neighbour, so he's always telling me what's going on. I just wonder, when the Auditor General took the report and issued his report, because it was one of the first times that we've done actual boards, what was the level of communication among the directors? You've talked a bit about the website. Did you have a discussion around the report and how it impacted on others? We've had some questions from members about how this is impacting on other boards beyond the four that have actually been through the process. I just wonder how you shared your experience with the other directors and what impact it's had on the other directors,

Mr. Bryce: Yes, I did put it on a directors' meeting and discussed with colleagues the value of the auditor's report, the process involved within the board—and there is time involved, there's no question—and the salient recommendations. Some of the recommendations are very specific to an individual board, but those that had more far-reaching implications, we discussed those with our colleagues, so that the practice could be spread as quickly as possible. We pride ourselves in learning and we have learned from the auditor's report. As teachers,

we like to have the opportunity to share that learning with our colleagues and that's what we have done.

Ms. LaRosa: Certainly in the dialogue with other directors, we saw it as something not to shy away from. On the other side, you get to talk about the process. The staff gets really stressed because everybody's in there looking at everything, and your role as director is to say, "Not to worry. We have good practices in place. We're learners." So there is a role for the director on that one, "It's okay, we're supportive of it," and move forward.

Ms. Naylor: I wanted to mention that the Auditor General has also been very proactive in terms of communicating with the school board sector. His report was conveyed to all the school boards shortly after it was issued, but Mr. McCarter and Gary Peall as well are regulator visitors to school board conferences. In the last couple of years, Mr. McCarter has spoken at what the system calls the CEO conference, as well as at a major school business officials conference. So he has spoken directly about the findings, and that's been a very effective way to raise awareness of the findings and recommendations in the sector.

The Chair: The Deputy Auditor General wanted to make some comments.

Mr. Gary Peall: I just wanted to put on the record that I know this is a fairly involving and time-consuming process for the boards. We did find excellent co-operation throughout all four boards. We really appreciate the time and effort that your staff have put into the process. It was a learning experience for us as well, and we'll take that forward in the work we do in the community in future. So thanks again for your co-operation.

The Chair: Thanks very much for coming. This is a new process and we've had some excellent answers today.

We are going to recess until 11:20. That's about seven or eight minutes from now.

The committee recessed from 1113 to 1123.

The Chair: I call the meeting to order. I have a motion from Mr. Runciman and a motion from Ms. Smith. Mr. Prue, do you have a motion?

Mr. Michael Prue (Beaches–East York): I have two and they are being photocopied. I can give it to you now if you wish, as the Chair, or do you just want to wait?

The Chair: We'll be calling one of the other two. I'll be calling Mr. Runciman's motion first because I received it first.

Ms. Smith: Excuse me, Mr. Chair, how did you receive Mr. Runciman's motion? We had no notice of his motion and we actually took the liberty of advising the entire committee that we would be bringing forward our motion early in the piece so that we could deal with ours, and we—

The Chair: I had a copy of Mr. Runciman's motion given to me at 9 o'clock this morning.

Ms. Smith: But the rest of the committee was not privy to that, nor did we know that we were going to be dealing with Mr. Runciman's motion at all until actually it was handed to us during the proceedings.

The Chair: The other part of this is, what is logical to consider first, second and third.

Ms. Smith: I think it's more appropriate to deal with what the entire committee has been given notice of.

The Chair: Well, I have the call on this, Ms. Smith, and I'm calling Mr. Runciman's motion first on the basis that I received it first and it's more logical that we consider his first because it's more comprehensive than your motion.

Mr. Robert W. Runciman (Leeds–Grenville): I move that pursuant to sections 16 and 17 of the Auditor General Act, the Auditor General shall conduct a review of the payments made out of the so-called "year-end reinvestment" fund with a view to explaining how the specific grant decisions were made; to determine whether an undocumented, off-book grant program meets generally accepted accounting and accountability practices in the absence of any formal notice, codified application process, or even a written record of applications; to probe whether or not payments made out of this "fund" demonstrate a pattern of political favouritism to the partisan associates of the governing party; to determine if the payments made out of this fund contravene the rules prohibiting the use of public funds for political purposes; to make any other determinations or findings the Auditor General feels are appropriate.

I want to indicate at the outset, Mr. Chair, that we're not looking for or contemplating extensive debate on this, so I recognize Ms. Smith's concerns to get to their motion. But in terms of notice, certainly our leader, John Tory, gave notice yesterday, let alone the notice and the copy that we provided the Chair, but also there was extensive public notice that we were going to be raising this issue today.

I think it's an issue that, to say the least, the opposition has been very frustrated with, in terms of the lack of response coming from the government benches and the approach of government members in terms of—yesterday wasn't a bad day, but the day before, shouting down I think very legitimate questions. Certainly, I don't want to stray from our motion, but I think it's indicative of the deterioration of the conduct in the Legislature. But I think it's also in terms of what's happening here and what happened earlier with the OLG issue: the very apparent inability of members on the opposition benches to have very limited tools, if any, to try to generate meaningful responses to very legitimate questions that are posed in the House and in committees in this place.

Again, this is one of the limited tools available to us, to put this issue before the public accounts committee, and we think there are a number of serious issues surrounding the monies that were given out at the end of the fiscal year. I'll just go through a few here to put them on the record: the Bengali Cultural Society, \$200,000—that was after a meeting with Maria Minna, a former federal Liberal cabinet minister; the Iranian-Canadian Community Centre, \$200,000—registered as an animal protection agency, where seven of seven board members have connections to the Liberal Party, including a riding president, a provincial candidate and a donor to Greg

Sorbara's riding; the Ontario Khalsa Darbar, which has been embroiled in a court case with questions surrounding the failure to release financial records.

I think there are significant issues and concerns around the appropriateness of handing out tax dollars, in significant sums, without any formal application process, without any formal effort at determining the use of those funds once they have been distributed. This is a significant problem, and the government, rather than recognizing that by ensuring that this is referred to the Auditor General so that he can review it and provide us with a timely determination with respect to what happened here, whether it was totally aboveboard and appropriate or inappropriate—I think the government, the minister himself, in a statement he made earlier this week, indicated that they have recognized the inappropriateness of the process but have yet to allow us to take a closer look at how these decisions were made and who was involved in making those decisions.

I want to give the Toronto Star credit for breaking this story initially. In today's paper, the Toronto Star again—which I think is a noteworthy occurrence, because we know the Star is well-known for championing Liberal causes, but they have stood their ground on this issue, let alone breaking the story. I just want to read a quote from the editorial in today's paper:

"Currently, it is almost impossible to find out from Queen's Park what the money was spent on, how the organizations were selected, who chose them, and what steps were taken to ensure the money was spent properly.

"This ad hoc distribution of tax dollars is inexcusable. Taxpayers deserve a complete and immediate accounting of how their money has been used....

"As disturbing questions about this program continue to percolate, it is time to shine a bright light on how Queen's Park doled out this money."

1130

That pretty neatly sums it up. I think there's a growing concern, and the efforts by the minister and other government members to stonewall this issue and to try and divert attention—we'll be speaking to their motion and the tactics behind it a little later. I think it's patently clear that this is the kind of issue that demands the attention of the Auditor General, and hopefully the government members will recognize that in a few moments when we vote on this motion.

Mr. Prue: Before I speak, I have two questions of the mover of the motion, just so I can be clear on what is intended here. You talk about the year-end reinvestment fund. Does that include both years of the fund, 2005-06 and 2006-07, or is it just for this year and the most recent? Because I'm not clear from the body of the motion whether it's both.

Mr. Runciman: The intent was to cover both, because there are questions surrounding both fiscal years.

Mr. Prue: The second one is that I do not see anywhere in the body of the motion a time frame. Was there an expectation that the auditor would report back in any particular order or at any particular time, or is it open-ended?

Mr. Runciman: It's open-ended. We didn't feel that it would be appropriate to place that kind of constraint or rigid requirement on the Auditor General. He had indicated in a letter to our leader a possible timeline, and that was certainly acceptable to us.

Mr. Prue: I am going to support this motion, notwithstanding the fact that I think the open-ended time frame is not appropriate. I am mindful also of the government motion that would make the reporting of the groups—that they want to report back in six months, which conveniently will be about three weeks after the next election. I think that this requires a great deal more urgency. But notwithstanding the urgency of finding and getting to the bottom before the government funds are actually expended, if they are not properly given out, if they have not been properly received, if there is no program in which to spend them, then I would hope that the government may recoup the funds, the millions of dollars, if they are not appropriately expended. I'm going to support this motion.

This has been a very difficult week in the Legislature, and it has been a very difficult week for me, because although I have asked some tough questions, I have also been attacked. My own integrity has been called into question simply for asking those questions. I want to tell you that the only person at this stage, given the lack of answers coming from the minister, from the Premier, from Mr. Sorbara, the finance minister, and anyone else who cares to stand up and speak to it—given the lack of answers, we are left with the one last person and the one last group who can get the answers.

It appears that is the editorial opinion coming out of Canada's largest newspapers. The Globe and Mail reported a few days ago that there should be an audit and that the auditor should be called in. Today, as has already been said, the Toronto Star said much the same. I'd just like to quote the last paragraph plus a little of a lengthy editorial, because I think it puts it all together:

"Colle has pledged to implement a formal online application process for these grants by the end of the week. That's a start." Then here's what I want to quote. "But taxpayers rightly expect the government to act openly when it spends their money.

"In this instance, it is far from clear that all of these grants met that test.

"That's why McGuinty should turn the books over to the province's Auditor General for a thorough examination. As disturbing questions about this program continue to percolate, it is time to shine a bright light on how Queen's Park doled out this money."

I don't think that's an unreasonable statement for Canada's largest newspaper to make, and I would think that if this motion does not pass, people will have legitimate questions of what is being hidden. The Auditor General has an obligation under law, and works for the Legislature to ensure, that government spending and programs are done properly. What is being asked in this motion is nothing less than for him and his team to do his duty.

I too would like to commend the newspapers, including Mr. Urquhart, who's here in the room, for first breaking this story, but also the other newspapers who carried it. This has been in literally almost every newspaper and on every radio station and television station across this province for about a week. It has seized the imagination of the Canadian public.

I was at a meeting last night in a community that was getting one of the grants. They were very happy with the grant, and I am not displeased that they are getting a grant. But I want to tell you that even in that community, which is getting \$500,000 that's going to be administered by the city of Toronto, they were questioning how they got it. They don't know how they got it. I could tell them how they got it. It's because Maria Minna lobbied for it. That's how they got it. This isn't the Bangladeshi group. This is the community which got \$500,000 for the O'Connor Community Centre youth basketball team to use on a refurbishment of a city-owned facility, and probably a good thing. But they are nonplussed as to how they got that money. They hadn't even asked for it. Maria Minna showed up with Mike Colle, with a cheque for \$500,000, which they cannot spend, because \$500,000 will not allow them to put together what they want to put together. Feverishly and frantically, they asked me to come up with another \$500,000 because they need about \$1.5 million, they've discovered. They hadn't even asked for the money or even thought that they could do anything with it. They were very pleased, of course, to get it. The city of Toronto—I asked them—are very pleased to get it too, but it's sitting in a bank account because they have no way of spending it.

So that's just another example. We need to know why and how the money was doled out. Was it doled out because Maria Minna asked for it? If that's it, the auditor can tell us. Was it doled out for political favouritism in some of the others because boards of directors were Liberal-dominated? Was it doled out because the finance minister in his riding wanted a group to have it? How did the Baseball Hall of Fame end up in there? That one still perplexes me, how that is a multicultural grant.

For all of these, I think the auditor needs to be called in. It's a very sane and sensible thing, and if it takes him longer than the next election, I'm sure there will be considerable sighs of relief from the government benches. If it doesn't, maybe there won't be, but to stone-wall this or to not vote for this will be tantamount to saying that you don't want this to be investigated, and I think that would be pretty sad. I will be supporting the motion.

Ms. Smith: Just for the record, I disagree with the way we're proceeding, but I realize that you've made your ruling on this. I also disagree with Mr. Runciman's characterization of what has proceeded this week in the Legislature. I do note that we will not be supporting the motion that Mr. Runciman has proposed. I think that our motion is more appropriate. I do note that in our motion we do refer to both the 2006 and 2007 capital grants, addressing your concerns, Mr. Prue. As well, we've set out a timeline of within six months, which is probably

more appropriate to address a number of the concerns that have been raised. I would note that the auditor has the ability to determine which entities they want to move forward with an audit in the upcoming year, and it's their choice and decision to make. I think our direction to the ministry seeking reports from the recipients is appropriate. Mr. Runciman referred to a letter that he received from the auditor, and I would ask for a copy of that letter.

Mr. Runciman: It was sent to our leader, and he referenced it in the House yesterday.

Ms. Smith: Could the committee see a copy of that letter, now that you've referred to it in conjunction with your motion?

1140

Mr. Runciman: I'll find it.

The Chair: Any other speakers on this motion?

The deputy auditor has said he has a copy of the letter, so he'll supply it to the committee.

Mr. Prue: A recorded vote, please.

Ayes

Hardeman, Prue, Runciman.

Nays

Lalonde, Ramal, Sandals, Smith, Wilkinson.

The Chair: The motion is defeated.

The next motion we have is Ms. Smith's motion.

Ms. Smith: I move that the standing committee on public accounts request the Ministry of Citizenship and Immigration seek a report from each recipient of the 2006-07 capital grants and report back to the committee within six months on the status of those grants.

The Chair: Do you have any comments with regard to your motion?

Ms. Smith: I think I've already made my comments. I don't know that we have to extend the debate. I think that this addresses a number of the concerns that have been raised.

Again, the auditor has the ability to choose what entities he will be investigating in the upcoming year.

I think that this addresses a number of the concerns raised, and we'll provide the committee with the information.

Mr. Prue: I can't support this motion for several reasons.

First of all, it is not the groups that need to be investigated. The groups have received the money under whatever auspices that are. The groups have been asked, "Do you want \$500,000 or \$15 million or \$200,000 or \$24,000," and they have taken that money.

I would like to know, in the long term, how they spend that money, and we all would, but what needs to be investigated and what was not in here is: How did the minister choose these particular groups? Why were some chosen over other groups that may have been equally or

better qualified to use the money? How was the money doled out? Was there any political favouritism? As we have seen in my riding, it was the Liberal MP who went and lobbied Mr. Colle for two grants and got two grants, one in each year. How was that done? Why was it done that way? That's what we need to get to the bottom of—not the groups, but the minister; not the groups, but the person who cut the cheque, who may be, in fact, the Minister of Finance and/or the Premier's office. How was that involved? That's what we need the auditor to look at, not the groups. We don't need an answer from these groups three weeks after the election, saying, "This is how we got the money, and this how we've spent it so far."

Quite frankly, this is a useless motion. I cannot support it because, in my view—and I can't say this in the House, but I hope I can say it in committee—this is a government whitewash. This is an attempt for you to defuse the issue with words that will produce absolutely nothing. If this is what you intend the committee to vote for and to do, then I will guarantee you that there will continue to be questions in the House today and next week and right through the balance of the sitting days of this Legislature related to the Minister of Citizenship and Immigration and the funding to these various groups; there are a lot of them, and there's lots of ammunition. If that's the way that you want to proceed—without being threatening in any way—there's just so much information, that's what's going to happen. I can't support this.

Mr. Hardeman: I'm somewhat shocked by this resolution. I just can't believe that the government would not expect the Minister of Citizenship to be doing this without the direction of this committee.

Already we find that he has doled out all this money without an application form, without an approval process, and now they're suggesting that unless this committee tells him to, he will not even ask those organizations to report back on how they've spent the money—which will be done in six months. I really don't know what the government is trying to do with this motion.

One of the things that I've been hearing a lot in the House is when the minister doesn't answer the question, he talks about how the questioner must be against the organization that got the money. Nothing could be further from the truth. What the questioners want to know is how the minister decided who was going to get the money and who wasn't. I'm sure there are culture groups in every one of our ridings that needed money and didn't get any, but they had no idea this was available.

Then he says that the questioner is somehow picking on the groups. I would suggest that there is nothing that has picked on those groups more than this resolution, suggesting that "All of this problem belongs to the people who got the money and who may not spend it properly, so we're going to check on whether they're spending it properly." That's not what the problem is, here or in the Legislature. The problem is that the minister gave out money and he has absolutely no documentation as to why he gave it to people and who got what. The only person

who can come up with the answer to that is the Auditor General of the province of Ontario, not the minister.

I don't know why the government would not want the Auditor General to look at this immediately rather than wait until the next round of debates, where the auditor picks the ministries and the entities he's going to look at. I'm sure that after all that's happened in the last week, he will pick this one to have a look at. If nothing else, his interest will be twigged as to whether this really was properly done. I think it makes great sense to get this done as quickly as possible for all concerned so these groups can be assured that they got the money legitimately and they can carry on, as Mr. Prue suggested, to find other means of funding to supplement what they've got and get their projects done. I think the government would be anxious to have the auditor look at this if there is nothing to hide. I guess that really brings it up: There must be something to hide. I don't know that, but I have to assume that if we don't want the auditor to look at it, then there must be something to hide.

The other thing about this motion that really bothers me is that six months is significant, as Mr. Prue said. It's significant because there's an election between now and six months from now. I think the people of the province—particularly if the minister is going to stay committed to the fact that he's clean—have a right to know that and have some assurances that an impartial third party has looked at it to make sure that everything was done the way it was supposed to be done.

This really goes with a number of things the government has done. In municipal affairs, they have decided to have a review of the funding formula between the province and the municipalities, and of course they're not to report back until after the election. "Everything we don't want to discuss or that may not look good over the next few months we want to put off until November of this year." This is a blatant example of that. "We just come forward, blame the people who got the money, put the results off until after the election, and then we'll have to see what the auditor says."

I definitely can't support this resolution because it's just a delaying tactic so that we don't have to deal with it. I'm almost sure that when we get into the House today or tomorrow, somebody from the government side will say, "But it's out to the committee. We're waiting for a report six months from now, so we don't want to discuss it any more." I think the people of Ontario deserve better than that.

Ms. Smith: I obviously take exception to how Mr. Prue has characterized the proceedings, but I'm not surprised, given his tendency for a bit of hyperbole this week. I also take exception to Mr. Hardeman's characterization of our view of the groups that have received the funding. We have in no way questioned their integrity. In due course, these groups would be reporting on what they spent the money on. We think that "within six months" gives them the ability to proceed with their projects and report back.

I note that in the letter from the Auditor General to Mr. Tory, he would not be able to complete this for at

least five months. I'm not really sure what Mr. Hardeman's big concerns about timing are, given that the Auditor General himself has indicated that he wouldn't be able to report—

Mr. Runciman: Get out a calendar.

Ms. Smith: Well, he says “unable to complete ... until mid September.” Is that a firm date that he's providing? I'm not really sure how the auditor can come up with that date. We've said within six months. It could be mid-September when these groups are reporting back as well. We could go on debating this for some time, but I think we've had the debate that we're going to have and we certainly stand behind the resolution that we've put forward.

1150

Mr. Runciman: Just a couple of brief comments. I was surprised at this motion. Obviously I give some credit to the backroom boys and girls in the Liberal Party, and it's hard for me to understand how they could come up with such a hare-brained scheme. Obviously they didn't consult Mr. Kinsella on this, because it's so blatant in terms of what you're attempting to do here. As my colleague said, this just screams out at anyone who's paying attention that you're afraid of what might happen if the Auditor General takes a look at this. It screams out at you. The clear intent here is to ensure that any results, which are not talking to the primary issues in this, but any results that you're looking for through this motion would in all likelihood come back following the October 10 election.

I just think this is offensive. It's not only an insult to us; it's an insult to any thinking Ontarian. You're saying to them, “How dumb are you, folks?” when you put a motion like this before this committee, before the Legislature and before the people of Ontario to say, “Yes, we want to have them look at only one element of this and let us know after the election.” The reality is there are so many very serious issues, with questions surrounding millions and millions of tax dollars that need answers. We're not getting them in the House, we're not getting them in this committee and now you're refusing to allow the Auditor General of the province to give those answers to us and the people of the province.

The Chair: Mr. Prue, did you have anything?

Mr. Prue: Yes, I just wanted to quote, because I've just for the first time seen this letter from the Office of the Auditor General to Mr. John Tory. I think he sets it out very clearly, and I can see exactly what the government is doing here. He sets out very clearly, “As you are no doubt aware, our act specifies that I may only undertake special assignments requested by the assembly,”—which is of course Liberal-dominated—“the standing committee on public accounts,”—which is of course Liberal-dominated—“or a minister of the crown,” who would be Mr. Colle in this case. Therefore, there is virtually no chance that this government will allow this to happen. This is the only place that it is possible to happen, and the government is choosing to put forward their own motion, which is—without being hyperbolic—

without any type of merit and is obviously designed to have no report from the ministry or the minister but only upon these poor groups that have perhaps had the misfortune to take free money.

Ms. Smith: I would just direct Mr. Prue to the paragraph preceding the one that he was quoting, where the auditor, in his letter to Mr. Tory, outlines what his authority is under the Audit Statute Law Amendment Act, which allows him “the authority to audit how grant recipients ... have used grants they have received,” that under that fairly recent legislation they expanded his authority “to cover grant recipients funded directly or indirectly out of the province's consolidated revenue fund.” He has “the authority to independently conduct audits that determine whether bodies that receive grants from the province have: properly accounted for the money; maintained proper records” etc. All of those roles are within the auditor's purview. There is nothing precluding him from taking forward an investigation of the ministry in his due course. We are in no way precluding the auditor from making an investigation.

Mr. Hardeman: Just a final comment, and I'm sure the government would want to make things work as expediently as possible. I would just suggest that in their motion, “I move that the standing committee on public accounts request the Auditor General to seek a report from each recipient of the 2006-07 capital grants and report back to the committee” would solve a lot of the problems. I think everyone would agree that what has been going on in the Legislature—there have been some questions about the priorities that happened in the minister's office. By just changing it, and instead of having the minister do it, have the Auditor General do it, I think we would all be well served.

The Chair: Any further discussion?

Mr. Prue: I want a recorded vote, please.

The Chair: Are you amending this motion?

Mr. Hardeman: I would amend that motion.

The Chair: Okay. How are you going to amend that motion?

Mr. Hardeman: I move that the standing committee on public accounts request the Auditor General to seek a report from each recipient of the 2006-07 capital grants and report back to the committee within six months on the status of those grants.

The Chair: Does anybody want to speak to the amendment? Perhaps the deputy auditor would like to say a word just on this amendment.

Mr. Peall: The amendment then puts the reporting responsibility back to us, but there would be no requirement that we verify the reliability of the data or in any way investigate the recipients' actual use of the money. We'd just be accepting the data that we got from them, compiling it and bringing that information back to the committee. That's what your motion is asking.

Mr. Hardeman: Then I withdraw it.

The Chair: Any other further discussion on the motion? All those in favour of the motion by Ms. Smith?

Ms. Smith: It's our motion. There's no amendment, right?

Mrs. Liz Sandals (Guelph–Wellington): Sorry, I'm confused. Are we voting on the amendment to the motion?

The Chair: I'm sorry, I didn't make that clear. Mr. Hardeman withdrew the amendment to the motion.

Ms. Smith: Yes, we're voting on our motion.

The Chair: All those in favour of the motion moved by Ms. Smith?

Mr. Prue: A recorded vote, please.

Ayes

Lalonde, Ramal, Sandals, Smith, Wilkinson.

Nays

Hardeman, Prue, Runciman.

The Chair: The motion's carried.

The third motion: Mr. Prue.

Mr. Prue: I have two motions to move. The first one is different from that proposed by the official opposition but not dissimilar.

I move that as per section 17 of the Audit Act, the public accounts committee direct the Provincial Auditor to conduct a review of the allocation of "year-end funds" by the Ministry of Citizenship and Immigration for the last two fiscal years and report back to the public accounts committee no later than September 1, 2007.

We've had a great deal of discussion and I don't think I need to add to this. I think this is a very precise motion, with a precise time frame, and precisely talks about the last two fiscal years. I ask for the committee's support.

The Chair: Any discussion on the motion?

Mr. Prue: On a recorded vote again, please.

Ayes

Hardeman, Prue, Runciman.

Nays

Lalonde, Ramal, Sandals, Smith, Wilkinson.

The Chair: I declare the motion lost.

Do you have an additional motion, Mr. Prue?

Mr. Prue: Yes, I do. I move that as per section 17 of the Audit Act, the public accounts committee direct the Provincial Auditor to conduct a special audit of the Iranian-Canadian Community Centre pertaining to the grant they received via the Ministry of Citizenship and Immigration in March 2006 and report back to the public accounts committee no later than September 1, 2007.

The Chair: Could I just ask a question? Do you mean March 2006 or March 2007?

Mr. Prue: No, it was March 2006 that this fund, I understand, was given—

The Chair: That was a year ago.

Mr. Prue: Yes, it was in the first round.

The Chair: Okay. Any discussion on the motion?

Mr. Prue: This is a motion on just one organization. This will not encumber the auditor for a long time, but in looking through the grants that have been given out last year and this year, this is perhaps the most egregious that we have found to date. This is the organization that was chartered some three weeks before the grant was given. It was listed on the Revenue Canada website as an animal protection agency. It is the same group that has on its board of directors a Liberal riding association president and a Liberal candidate in the upcoming election, and whose entire board of directors has Liberal ties and/or to whom Liberal monies have flowed. We are asking that this group in particular—if there is only time to do one, that the auditor turn his attention to this group to see how this minister was able to fund a group that had virtually nothing to do with immigration settlement and had everything to do with the Liberal Party of Ontario.

The Chair: Any discussion?

Mr. Runciman: We're going to support this motion. I suspect that the Liberal members are not worried about encumbering the Auditor General; they're worried about making sure the light of day never shines on what transpired, especially, as Mr. Prue points out, with respect to this particular grant—seven out of seven directors with Liberal Party cards, a riding president, a provincial Liberal candidate. I and my colleague share Mr. Prue's concern. We think this is an appropriate compromise, to take a look at what is undoubtedly the most glaring example of problems with respect to the way this money was handed out. I would encourage the Liberal members to step back, take a deep breath and do the right thing.

The Chair: Further discussion? I'll call the question.

Mr. Prue: Recorded vote.

Ayes

Hardeman, Prue, Runciman.

Nays

Lalonde, Ramal, Sandals, Smith, Wilkinson.

The Chair: I declare the motion lost.

That completes the motions that we had in front of us on that.

I would just ask members if we could just have a brief discussion now with regard to the report on the school boards where we had the groups before us, and whether we'd like to give Ms. Campbell any kinds of instructions on what report we should write and what should be in the report. Does anybody have any suggestions on this matter?

Mr. Patten: You had brought this up yourself, and—

The Chair: We normally move into camera when we do this.

Mr. Patten: Yes.

The Chair: Okay, we'll move into camera.

The committee continued in closed session at 1202.

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Mr. Katch Koch

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