

Tories target hospital audits, ignore their own
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By Dr. Gordon Guyatt

Tony Clement has a great idea. The Ontario health minister is suggesting that Erik Peters, the provincial auditor, receive a widened mandate.

Ontario's Ministries spend half of the provincial budget directly. The other half goes to fund private not-for-profit institutions like hospitals and universities. The provincial auditor gets to check the books only for the direct part of the spending.

Our hospitals are not publicly owned and managed. Because they belong to their hospital boards and communities, or religious institutions like the Sisters of St. Joseph's, hospitals are out-of-bounds to the auditor.

Mr. Clement wants to change that. On January 13, 2003, the Minister suggested that the auditor should check hospital budgets to seek out waste, and to ensure hospitals spend money on the programs the government intended.

Mr. Clement chose an interesting venue for his suggestion.

For years, governments and hospitals have engaged in an elaborate dance around hospital budgets.

First, the government doesn't give hospitals enough. The hospitals cry foul, often with lots of publicity. Later, the government backs down, and gives the hospitals some of the extra money they are demanding.

This year, the extra money amounts to \$350 million. Mr. Clement raised the possibility of widening the provincial auditor's mandate during a press conference announcing the team that will review hospital applications for the extra \$350 million.

Hospitals claim that not knowing how much money they will have to spend until late in their fiscal year prevents intelligent planning. They are right.

Well, so what if Mr. Clement made his announcement in a context that reflects his government's not-so-smart business practices? Having the auditor check the hospital books is still a wise move, isn't it?

Maybe not.

Mr. Peters, the auditor, has been calling for widening his powers for a decade. If it's such a good idea, why has the government resisted for so long?

Perhaps because the audit will be a waste of money.

Hospital administrators already face a rigorous yearly audit supervised by their hospital boards. David MacKinnon, Ontario Hospital Association President, believes that an additional audit would not uncover significant problems, and would generate substantial additional administrative costs.

Thinking about his own institution, St. Joseph's Hospital CEO Kevin Smith believes there are better ways of spending resources than an additional audit. "I'd rather spend the money on patient care."

If MacKinnon and Smith are right, why is the Tory government pushing the additional audit?

In an editorial otherwise supportive of the move, the Spectator questioned Clement's motives. The Spectator suspects that the government supports the new audit not because of a commitment to accountability, but to strengthen its hand in negotiations with hospitals. If Peters finds problems, Clement can claim that it's not underfunding that's causing budget difficulties, but misuse or inefficiency.

The government's own record in provincial audits sheds light on whether Howard's guess is correct. Consider examples from the last audit.

First example: In the mid-90s, the Ministry of Community, Family & Children's Services realized that its computer system for social assistance payments needed an overhaul. It hired a private company, Accenture, to do the job.

Accenture's system has serious flaws. Many service managers think the

new system is inferior to the previous one. It has resulted in unexplained errors, including about 7,000 payments totalling \$1.2 million to ineligible individuals.

Despite the failed system, and contrary to the recommendations of the Provincial Auditor and the Standing Committee on Public Accounts, the Ministry paid Accenture \$66 million outside the original \$180-million payment cap.

Second example: The government has not addressed issues in the delivery of mental health identified by auditors in reports over 15 years. The Ministry doesn't have information needed to assess whether we are caring adequately for mentally ill people, and whether mental health dollars are being prudently spent.

The Ministry doesn't know the number of people receiving or waiting for community mental health services or the waiting times to access services. Annual per person funding in the seven regions of the province ranges from \$11 to \$60, but the Ministry has not looked at whether the variation means different levels of service.

Third example: Annual spending on consultants under the Tories jumped from \$271 million in 1998 to \$662 million last year. Peters cited a litany of cases that suggest taxpayers are not getting good value for their money.

In one case, 40 employees of the Public Safety Ministry left their jobs and were rehired as consultants within days at more than double their salaries. The government allowed one consultant's daily fee to rise from \$725 in April 2000 to \$2,600 within six months, and hired a consultant who owed \$110,000 in back taxes.

Will a provincial audit of hospitals lead to more efficient hospitals, or simply waste resources that hospitals should be spending on patient care? The government's failure to act on what the auditor says about its own internal spending raises serious doubts about its motivation for an additional hospital audit.