

EHealth scandal a \$1B waste: auditor

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Ontario

Auditor General Jim McCarter's report on eHealth criticizes the agency for relying too much on consultants and for lacking strategic direction. (Frank Gunn/Canadian Press)

A scathing report on the eHealth Ontario spending scandal charges that successive governments wasted \$1 billion in taxpayer money.

Ontario Auditor General Jim McCarter released his investigation into the eHealth agency on Wednesday morning.

His report says the board of directors at eHealth Ontario felt it had little power over CEO Sarah Kramer because she had been hired by chair Alan Hudson "with the support of the premier." That, McCarter said, gave Kramer the impression she had approval to ignore normal procurement procedures.

It was revealed late Tuesday that Health Minister David Caplan resigned because of the report.

Just minutes after the release of the report, Premier Dalton McGuinty announced that Children and Youth Services Minister Deb Matthews would take over the health portfolio.

Toronto MPP Laurel Broten, a former environment minister, will be brought back into cabinet to take over from Matthews.

"Ontario taxpayers have not received value for money for this \$1 billion investment," McCarter said in the report.

The idea behind eHealth is to create electronic health records for Ontario, something the auditor says could save \$6 billion if implemented in every province and territory.

Instead, Ontario "is near the back of the pack" when it comes to electronic health records, having wasted millions on underused computer systems and untendered contracts.



Health Minister David Caplan hands in his resignation Tuesday night, just hours before the auditor's report was made public. (Canadian Press)

The report is damning in its criticism of the way governments have allowed eHealth and its predecessor, Smart Systems for Health, to let spending go out of control with few safeguards to protect tax dollars.

McCarter says the province was "lacking in strategic direction and relying too heavily on external consultations."

At one point, the auditor writes, the eHealth program branch had "fewer than 30 full-time employees but was engaging more than 300 consultants."

McCarter said charges that favouritism was shown toward certain companies "without giving other firms a chance to compete were largely true."

"When you have a lack of oversight, that's a lack of appropriate management," he said at a Wednesday morning news conference.

"When you get a lack of oversight, you get broken rules. It goes together like a horse and carriage."

At the heart of the report are four recommendations aimed at putting an end to scandals like the one that enveloped the eHealth agency:

- Develop a strategic plan for implementation of electronic health records.
- Improve oversight by board of directors.
- Rely less on outside consultants.
- Ensure procurement policies are followed.

Agency doled out millions: report

In May, documents obtained by CBC News showed the eHealth agency doled out millions of dollars in contracts without any apparent attempt to open the deals to outside bidders within the first four months of its creation in September 2008.

EHealth expenses

Some of the consulting costs incurred at eHealth:

- \$2,700-a-day consultant, charging \$3.26 for a muffin and tea.
- \$300-an-hour consultant, charging for reading an article on electronic health records given to her by her husband, another consultant.
- Two consultants serving as vice-presidents and flown regularly from homes in Alberta.
- \$1,700-a-day executive assistant.
- Consultants charging to watch an eHealth episode on TVO's *The Agenda* and "debriefing" on the Toronto subway.

Consultants were contracted by eHealth at up to \$2,750 a day. They then billed taxpayers for out-of-pocket expenses that included \$1.65 for a cup of tea and \$3.99 for cookies.

Kramer billed thousands of dollars for limousine rides, including one \$400 trip from Toronto to London, Ont., before she resigned from her \$380,000-a-year job in June. She was given a \$317,000 severance package and received a \$114,000 bonus after just 10 months on the job.

Hudson also stepped down.

The departures came after the Conservatives and New Democrats complained the agency gave out \$5 million in untendered contracts to consultants.

Documents released by the government since then showed the value of those untendered contracts was closer to \$16 million, with the biggest ones going to companies the opposition parties say have ties to the Liberal government.

Too much power in too few hands

McCarter's probe, which went back to 2000, criticized unnamed consulting companies for driving up each other's fees to artificially create a higher rate for their services and putting too much power in too few hands in awarding of contracts.

In his report, the auditor general also slammed unnamed officials at the Ministry of Health for thwarting his efforts to get investigators into the ministry for a routine audit in the summer of 2008. In the end, the audit didn't happen until February 2009.

McGuinty has since announced new rules to keep a closer eye on the expenses of about 300 top executives at 22 of Ontario's 615 arm's-length agencies, boards and commissions by having them approved by the province's integrity commissioner.

EHealth was set up in 2008 to create electronic health records after Smart Systems for Health spent

\$650 million but failed to produce anything of lasting value.

Smart Systems for Health was quietly shut down last September.

Corrections and Clarifications

- The auditor general's report alleged that Ministry of Health officials obstructed efforts to audit the ministry, not eHealth, as originally reported. *Oct. 7, 2009 | 5:10 p.m. ET*

With files from The Canadian Press

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Story comments (836)

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[davidmillersucks](#) wrote: Posted 2009/10/13

at 4:20 PM ET There seems to be a lot of CUPE toadys from the premiers office on here.

Our hard earned tax dollars are at work trying to manipulate public opinion.

- [9](#)
- [1](#)

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[MajorLeeHi](#) wrote: Posted 2009/10/11

at 3:10 PM ET I had mentioned earlier a good robust open source solution would have been best. Check this out!

<http://www.cbc.ca/canada/toronto/story/2009/10/09/mcmaster-medical-records-oscar674.html>

- [3](#)
- [0](#)

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[big change now](#) wrote: Posted 2009/10/11

at 2:26 AM ET Look at REAL culprits:

Read by Silvana Acheto, CFRB from Auditor's Report on air:

\$800 Million (of 1 Billion) contracts by Harris Conservatives – untendered Big Payoffs to Cons friends. Accenture 'big culprit'. Accenture, formerly Anderson Consulting, ran all contracts for ministries, Boards & Commissions, RIGHT OUT OF MIKE HARRIS PREMIER'S OFFICE. (Anderson Consulting of Enron Scandal)

Tony Clement, Health Minister. 2008 audit found problems in e-health set up by Harris & Accenture. Now every Board to be investigated, lots more Neo-Con surprises left... so can blame on McGinty? B.S. NEVER investigations in Harris years! Not just Harris Neo=Cons scams \$1 B, more hidden to come out!

Auditor's Report stated NO LIBERALS or friends benefited.

REAL BAD NEWS: HARPER more than DOUBLED our debt to 692 B! (Martin left \$340 Billion debt with \$13 B surpluses a yr.)

692 B debt + 164 B proj. deficit + 52 B spent surpluses = 918 B w Harper! \$ Trillion bucks?

Money GONE IN SECRET? \$568 BILLION BUCKS VANISHED. Where? Biggest rip-off in Cdn history!

HARPER: \$18 Billion incr your EI taxes, a JOBS KILLER, huge incr CPP taxes, 50 B gone from CPP fund? No investigations on Neo=Cons! Investigative daytime analyst: "HIGHEST unempl. in Cda's HISTORY", not repeated on nightly news? Why the CONJOB, why CONS media propaganda? KEEP people in DARK for Cons Majority?

From HARPER'S own writings, (CONS run all media now), never told the public. CONS PLAN: mass deficits = CUTS to KILL Healthcare, Education, everything. Flaherty says 'lots of PAIN coming'. Harris tried to kill them off Provincially, this will be nationwide!

\$568 Billion MISSING, beats anything ever! Again NO investigation?

Get NEO=CONS OUT before it's too late!

- [63](#)
- [10](#)

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[mikecomment](#) wrote:Posted 2009/10/10

at 1:01 PM ETAdd this very expensive McGuinty scandal to the recent list of Gov't stories-Baird's cavalier responses to his opaque details for infrastructure spending, Flaherty's lobbyist driven socialistic attack on consumers of insurance, Clement's most recent selling of Canada, this time to Sweden by way of our Nortel pain and never mind the forthcoming story Smitherman will probably have to explain regarding our hydro rates and it all makes the taxpayer, I think, feel paralyzed to pierce the growing bubble of ALL who sit on a green chair and make decisions on the QT.

- [8](#)
- [3](#)

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[JeanLouiseFinch](#) wrote:Posted 2009/10/10

at 7:48 AM ETHow many hospital beds or MRI machines could one billion dollars buy? Telling taxpayers that "going forward, we are going to be more careful, keep a closer eye on expenses, blah,

blah, blah" means absolutely nothing because it something we expected them to do all along. Smitherman should resign, and McGuinty should go too. How many other money-sucking enterprises have they "quietly" shut down, as they did with Smart Systems for Health? Are there more that we haven't heard about yet? I'd say it makes me sick, but they'd probably increase the health tax premium. This AND the HST? The Liberals have got to go.

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