

# Supply Ontario 2022-23 Annual Report



Supply  
Ontario

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# Leadership Messages



## Message from the Chair

On behalf of the Board of Directors, it is my pleasure to introduce Supply Ontario's 2022-23 Annual Report.

The task of creating an organization from scratch and navigating the complexities of a supply chain ecosystem is daunting, even more so when faced with the residual constraints of the most significant public health crisis in a century. Yet, I have witnessed firsthand the unwavering dedication of the agency to overcoming every obstacle, driven by the motivation to create a stronger and more resilient Ontario.

Supply Ontario made great strides this year in establishing a solid operational footing, welcoming a new CEO, Jamie Wallace, and soon after, finalizing the FY2023-24 to 2025-26 Business Plan. It was a pleasure to support our new CEO's onboarding, and I am confident that Jamie's background and skills lend well to leading the organization effectively.

On behalf of the entire board, I wish to thank the Supply Ontario team, our partners and stakeholders for their commitment to excellence and their dedication during the past year.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul G. Smith". The signature is fluid and cursive, with a long horizontal stroke at the end.

Paul G. Smith  
Chair, Board of Directors  
Supply Ontario



## Message from the CEO

The COVID-19 pandemic revealed critical vulnerabilities in global supply chains that continue to impact the delivery of the \$30 billion in goods and services Ontario procures annually on behalf of the public, as do growing environmental, social, geo-political and other procurement and supply chain pressures and considerations, including a growing and aging population.

To prepare, Supply Ontario has adopted a Multi-Year Strategic Plan that prioritizes supply chain efficiency, resiliency, sustainability, domestic economic development and innovation to help solve public service challenges and deliver value and reinvestment into effective public services.

We made significant progress over the past year to grow and fulfill our agency's important mandate to ensure provincial health and education providers and the broader public sector will always have the critical supplies and equipment they need to keep workers and families safe. At the same time, we took important steps to support domestic job creation, economic growth, innovation, and efficiency to drive reinvestment from savings back into public services.

Notably, we finalized our 2023/24 – 2025/26 Business Plan, which received approval from the President of the Treasury Board, Minister Sarkaria. This approval endorses our plan to leverage domestic procurement to benefit Ontarians and prepare and protect Ontario from future pandemic and supply chain disruptions. We also made progress on core agency functions, including work on our agency's Diversity, Equity, Inclusion and Belonging Strategy.

Significant work on the integration of Supply Chain Ontario with Supply Ontario was underway this past year and will be completed in 2023, marking a transformative step for our agency as we take on responsibility for \$5 billion in managed contracts and the Vendor of Record Program for Ontario Public Service procurement. I'm grateful for the exemplary work on this important restructuring by our ministry partners at Treasury Board and Ministry of Public and Business Service Delivery, for the leadership of Minister Sarkaria and Minister Rasheed and their offices, the tremendous ongoing work by Supply Ontario and Supply Chain Ontario staff and leadership, and the foundational work that preceded my arrival, notably by interim CEO Martha Greenberg.

Our teams at Supply Ontario advanced work on a new category management strategy to drive collaboration and contract harmonization across the broader public sector and deliver better value and outcomes for Ontario residents. We identified priority procurement projects ranging from a nutrition pilot to pharmaceutical and drug contract consolidation, integrated a benefits realization

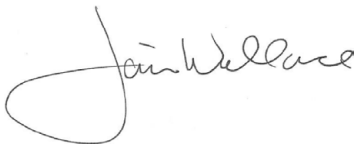
framework into our procurement and developed analytic capacity to provide the data insight needed to leverage contracts, pricing and opportunities to further our mandate to drive value with our shared service organizations and other partners.

We achieved significant milestones in terms of partnerships, including signing seven new collaboration and data sharing agreements in the final quarter of the year with shared services organizations and group purchasing organizations. We engaged with numerous industry, business and government organizations, including innovation hubs in health care and tech that will form a foundational part of Supply Ontario's strategy to leverage value for Ontarians.

Finally, Supply Ontario took important steps to advance procurement modernization and help implement the government's Building Ontario Businesses Initiative Act or BOBi legislation. Through this initiative, a goal was set for government and public sector buyers to purchase at least \$3 billion in goods and services from Ontario vendors by 2026 and show preference to Ontario businesses when buying goods and services that fall under trade thresholds. We're actively working with our partners in and outside of government on an innovation pathway and strategy that will open doors for Ontario innovators to help government solve pressing public service problems.

As we reflect on the past year, I am proud of the progress we've made with our teams and partners and energized by the exciting work ahead. I am particularly grateful for the support of our Board Chair, Paul Smith and our Board of Directors in helping stand up this agency. Working together, we're putting in place the foundations to build a stronger and more resilient Ontario.

Sincerely,

A handwritten signature in cursive script that reads "Jamie Wallace". The signature is written in black ink and is positioned above the printed name and title.

Jamie Wallace  
Chief Executive Officer  
Supply Ontario

# About Supply Ontario

## Corporate

Supply Ontario is a provincial agency, incorporated pursuant to section 2 of Ontario Regulation 612/20 under the *Supply Chain Management Act (Government, Broader Public Sector and Health Sector Entities), 2019 (the SCMA)*.

A corporation without share capital, Centralized Supply Chain Ontario, operating as Supply Ontario, is governed by a board of directors and is subject to the Management Board of Cabinet's Agencies and Appointments Directive.

## Mandate

Supply Ontario's mandate, as set out in section 3 of Ontario Regulation 612/20 under the *SCMA 2019* is to improve procurement across much of the public sector by providing and supporting supply chain management and procurement activities for prescribed entities, including:

- **Government entities** – such as ministries, provincial agencies, the Independent Electricity System Operator, and Ontario Power Generation and its subsidiaries.
- **Broader public sector entities** – such as school boards, publicly-funded post-secondary educational institution, children's aid societies, and shared services and group purchasing organizations that procure for the aforementioned entities.
- **Health sector entities** – such as hospitals, the Ottawa Heart Institute, and shared services and group purchasing organizations that procure for the aforementioned entities.

Supply Ontario has the authority under section 21 of Ontario Regulation 612/20 to collect the following information from the prescribed entities:

- Current inventories of any goods and future inventory requirements
- Current and future procurement activities
- Supply chain opportunities, contingencies, and constraints
- Information about contracts related to the procurement of goods or services
- Any other information related to supply chain management or vendor performance that the Supply Ontario specifies

Further, per section 4(2.1) of Ontario Regulation 612/20, the agency may request information directly from vendors.

Section 20 of Ontario Regulation 612/20 provides Supply Ontario with the authority to issue direction and guidance to covered entities regarding supply chain management activities.

## Vision

Supply Ontario's vision is to achieve a world-class capability that harnesses Ontario's buying power to enable economic development, province-wide supply chain resilience, and value for Ontarians.

## Board of Directors

Name of Appointee	Position	Appointed Since	Term Expiry	Total remuneration 2022-23
Paul G. Smith	Chair	January 15, 2021	January 14, 2024	\$38,250
George Szewchuk	Vice Chair	January 15, 2021	January 14, 2024	\$16,200
Gillian Kernaghan	Director	January 15, 2021	January 14, 2024	\$9,650
Allan MacDonald	Director	January 15, 2021	January 14, 2024	remuneration waived
John Stipan	Director	January 15, 2021	January 14, 2024	remuneration waived

## Governance

Supply Ontario implemented its governance roadmap to effectively support the role of the Board of Directors in agency governance, strategic oversight, and accountability. As part of the roadmap, the agency identified specific structures and roles required to best support the Board in the future. In this fiscal year, Supply Ontario established the Office of the Corporate Secretary and staffed it with a dedicated board governance team. This team leads and manages all Board-related activities that support agency governance and accountability.



# 2022-23 Highlights

Alongside the agency's capacity building efforts, the accountable Minister provided direction in two mandate letters of direction, both of which identified short-term contract harmonization opportunities, specifically in the I&IT sector, completing Supply Ontario's multi-year transformation roadmap, supporting the Ministry of Health to complete the transition of accountability for the personal protective equipment (PPE) and critical supplies and equipment (CSE) supply chain, including warehousing and logistics, developing an emergency stockpiling strategy for future emergencies, developing a multi-year plan to implement category management informed by stakeholder engagement and data analysis, developing a data strategy and establishing corporate governance frameworks as priority areas for Supply Ontario to make progress on.

As a result of transitions in senior leadership, the agency's capacity building efforts had been paused to account for the onboarding of new leadership, and realigning action on the mandate letter priorities. Working closely with the ministry, Supply Ontario took this time to continue operational ramp-up, align on a path forward, and position the agency to successfully deliver renewed priorities over the coming years. All key priorities are underway in 2023-24.

Jamie Wallace joined Supply Ontario as the new permanent CEO in early 2023. Jamie had direct experience navigating the province's procurement of critical supplies at the onset of, and throughout the peak of, the COVID-19 pandemic. His wide-ranging leadership experience, coupled with his extensive knowledge of how government and the public sector works, will be leveraged to advance the agency's programs and services, moving it forward to deliver on its transformational mandate and priorities.

## Operational foundation

Supply Ontario continued to build its operational structure by establishing its strategy and delivery plan to meet short, medium, and long-term goals to execute on its mandate to improve procurement across the public sector.

## 2022-23 Accomplishments

### Category Management

Supply Ontario has completed its analysis on the province's supply chain with a view to define the agency's operating model, specifically to what extent the agency should apply a centralized or decentralized approach to its category management efforts. For example, how office products are acquired is very different than the approaches required for ensuring critical



supplies for healthcare are available. Recognizing the complexity of the needs of the province and the BPS, and considering the characteristics of different supply chains, a hybrid approach is required. We will begin with low-complexity, high-yield opportunities as the agency continues to build its capacity and capabilities.

## Supply Ontario's Business Plan (2023-26)

Supply Ontario successfully completed its inaugural business plan in accordance with the Mandate Letter issued to it by Treasury Board Secretariat.

This comprehensive business plan serves as a robust roadmap, guiding the organization toward the achievement of its strategic objectives and positioning it for future success. It lays the foundation for the expansion and enhancement of Supply Ontario's programs and services in public supply chain management and modernization.

## Data Collection

Supply Ontario started building an analytics platform to gather and analyze data for better decision-making that is set to be completed in 2023. The agency successfully set up and tested two instances of this platform using real data. Leveraging the Government of Ontario's (GOCloud) infrastructure and tools, Supply Ontario aims to make the most of existing resources.

Furthermore, the development of a data governance framework is well underway. Recognizing the tremendous volume of sensitive data that the agency works with, this framework will play a crucial role in providing guidance for effective data management and governance at Supply Ontario.

## Digital Delivery and Customer Service

Supply Ontario has taken significant steps toward enhancing privacy, security, and data consistency. A secure document repository has been established, integrating systems for reliable data and promoting informed decision-making. These efforts aim to uphold service quality and advance digital transformation objectives.

In alignment with the *Simpler, Faster, Better Services Act, 2019*, Supply Ontario has embraced a digital-first strategy. This involves leveraging flexible technology platforms and strengthening the partnership with GovTechON to optimize the utilization of existing IT resources, accelerate digital transformation, and improve service delivery.

Moreover, cybersecurity and privacy impact assessments have been implemented as standard protocols across all IT solutions. This showcases Supply Ontario's commitment to data trust leadership, ensuring robust security measures and fostering confidence in modernized and high-quality service delivery.

## Collaboration agreements

As a result of collecting data, this year Supply Ontario has signed seven new collaboration agreements with shared service organizations (SSOs) and group purchasing organizations (GPOs). This will enable Supply Ontario and its stakeholders to determine mutually-beneficial opportunities, including leveraging expertise, resources, partnerships, data aggregation and strategic sourcing. Furthermore, a data-sharing agreement has been signed with a GPO, and Supply Ontario has received the initial round of its contract data.

Through Supply Ontario's initial analysis of the data, the agency has identified potential opportunities for harmonizing contracts. Ongoing data collection and analysis will further support and enhance work at Supply Ontario to create value.

## Supply Chain Ontario Transfer to Supply Ontario

Supply Ontario has commenced the transfer of Supply Chain Ontario (SCO) from the Ministry of Public and Business Service Delivery to the agency. This strategic move allows Supply Ontario to leverage SCO's knowledge and experience to drive the modernization of procurement practices across the province, aligning with organizational objectives. By integrating the capabilities of SCO, Supply Ontario aims to enhance efficiency, effectiveness, and innovation in procurement processes across the broader public sector, ultimately delivering improved outcomes for the province.

The process was initiated in March of 2023 with the transfer expected to be completed later this year. As part of the initial discussions about the transfer, SCO staff were engaged and informed about the process and cross organizational workstreams were created to ensure business continuity throughout the transfer process and beyond.

## Stakeholder Engagement

Supply Ontario's stakeholder engagement efforts were focused on connecting with, listening to, and leveraging stakeholders to inform and support the delivery of the agency's mandate.

Over the course of 2022-23, Supply Ontario met with a variety of government partners and industry stakeholders to discuss the current state of Ontario's procurement and supply chain landscape as well as approaches to achieve better value, province-wide resilience, economic development, modernization and innovation.

Supply Ontario nearly doubled the number of engagements participated in from the previous year. Events were organized by industry stakeholders and government partners to provide updates on the agency's progress and receive valuable input regarding the agency's procurement modernization efforts.

Supply Ontario will continue to strengthen relationships, identify opportunities for improved partnerships and build greater awareness of the agency's mandate through stakeholder engagement.

## Organizational foundation

Supply Ontario continued to build its organizational structure and capacity to meet its mandate.

### 2022-23 Accomplishments

#### Organizational Development

Supply Ontario has made significant progress in organizational development and design. This includes establishing an organizational structure and implementing principles of organizational design, such as defining the appropriate span of control for each functional area.

Furthermore, Supply Ontario has developed position control guidelines to track employee activity against budgeted positions and monitor budgetary performance. These initiatives contribute to efficient resource allocation and financial management across the organization.

#### Talent Acquisition

Supply Ontario has implemented various initiatives to enhance its recruitment and talent acquisition processes. This includes developing and refining recruitment procedures, such as creating a recruitment intake form, templates, and a repository of interview questions and practical assessments. The organization has also devised playbooks for recruitment strategies based on similar job competencies.

Furthermore, Supply Ontario has established a framework for utilizing social media platforms, particularly LinkedIn, to effectively advertise job openings and strengthen its brand. To streamline the recruitment process, the organization transitioned from relying on a third-party vendor to hiring two dedicated recruitment specialists who handle talent planning, sourcing, screening, assessment, and onboarding.

Recognizing the importance of strong leadership, Supply Ontario engaged an executive recruitment firm to assist in filling executive leadership roles and assembling a robust leadership team.

Lastly, the organization has developed a comprehensive onboarding and orientation program to ensure a smooth integration for new hires. These efforts collectively reinforce Supply Ontario's commitment to attracting and retaining top talent while fostering a positive employee experience.

## Talent Management

Supply Ontario has made significant strides in optimizing employee development and performance management. The organization has successfully created a comprehensive learning and development framework, along with tailored programs that align with the specific needs of the organization.

In addition, Supply Ontario has implemented a Performance Management Program that effectively links individual performance goals to the overall priorities and mandate of the organization. This ensures that employees' efforts are in sync with the broader organizational objectives.

Recognizing the importance of feedback and continuous improvement, Supply Ontario has also established an exit interview process. This enables the organization to gather valuable insights from departing employees, helping identify opportunities for enhancement and making informed decisions to foster a positive work environment.

## Total Rewards

Supply Ontario has developed a comprehensive total rewards strategy, including a robust benefits package, a defined pension plan administered by the Ontario Pension Board, and provisions for short-term and long-term disability. The organization has also implemented a pay-for-performance program that aligns with organizational priorities and business outcomes. This program promotes a merit-based culture and rewards employees based on their individual contributions to organizational success.

Additionally, Supply Ontario maintains an Executive Compensation Framework in compliance with the *Broader Public Sector Executive Compensation Act (BPSECA)*. This framework ensures fair and transparent compensation for executive positions.

## Equity, Diversity and Inclusion (EDI)

Supply Ontario values the diversity of its staff and stakeholders across Ontario. The EDI initiative was established in November 2022 to guide Supply Ontario's efforts to foster an equitable, inclusive and diverse workplace that reflects the people, cultures and languages of the communities it serves.

### 2022-23 Accomplishments

#### Employee Corporate Orientation Program

Developed an Employee Corporate Orientation Program that ensures all new employees to the organization have the necessary tools and orientation to deliver on Supply Ontario's vision and mandate and understand their role in creating and shaping a positive culture.

#### Mandatory Policy Attestation Process

Established mandatory policy attestation process for onboarding new employees with focus on understanding their obligations under four key policies of which one is the Respectful Workplace policy.

#### Mandatory Training

Implemented the mandatory Indigenous Peoples Education course that promotes a renewed relationship between Indigenous Peoples and Canadians through learning about truth and reconciliation, Indigenous Peoples, policies, and history.

#### Culture Roadmap

Developed a Culture Roadmap that outlines the building blocks for a strong organizational culture, which includes:

- Days of Significance,
- Development of Organization Values
- Building a Diversity, Equity, Inclusion and Belonging Strategy

##### **1. Days of Significance:**

Supply Ontario is strongly committed to Diversity, Equity, Inclusion and Belonging (DEIB) principles and practices as part of its efforts to create and sustain a work environment where each employee is respected and valued for their differences. Diverse and different perspectives enrich our organization and working life and support living our values of Collaboration, Trust, and Excellence. Supply Ontario has implemented a culture calendar aimed at fostering a learning environment

and promoting anti-racism within the organization. The calendar for the 2022-23 period included several significant activities:

- National Day of Truth and Reconciliation
- Black History Month
- International Women's Day

These activities demonstrate Supply Ontario's commitment to fostering a diverse and inclusive workplace, promoting awareness, enabling education and personal growth, and celebrating the accomplishments of marginalized communities.

## **2. Organization Values**

Supply Ontario initiated the development of a core set of values, value statements, and behaviours that serve as guiding principles for the organization. These foundational elements will be rolled out and integrated into Supply Ontario's recruitment approach, policies, and procedures at the beginning of the 2023-24 fiscal year, ensuring alignment and consistency throughout the organization's practices.

## **3. Diversity, Equity, Inclusion and Belonging Strategy**

Supply Ontario's mission includes embracing innovation and leveraging diverse partnerships and relationships with suppliers. As such, the agency has begun the development of a comprehensive DEIB strategy, accompanied by actionable initiatives and programs. This strategic approach will aim to foster a positive, inclusive, and people-centric culture both internally and externally, promoting diversity, equity, and a sense of belonging among all.

# Risk Identification, Assessment and Mitigation Strategies

Supply Ontario has a formal Enterprise Risk Management (ERM) program in place that allows for prudent risk management while pursuing strategic objectives and managing operations. The ERM program sets out a systematic and integrated approach to identify, assess, mitigate and monitor risks across the organization. The goal of ERM is to embed a risk-based lens into decision-making by staff at all levels.

In 2022-23, Supply Ontario created a new Risk Oversight Committee (ROC) that is chaired by the CEO. ROC's mandate is to provide quarterly oversight of the agency's risk profile and to review the effectiveness of its risk mitigation strategies. Key risks are also reviewed and approved by the Board of Directors on a quarterly basis prior to disclosure to the ministry.

The agency has continued to build its internal risk management capabilities within the organization by partnering with the Office of the Chief Risk Officer to deliver risk management training to key staff, including the C-suite.

Key risks identified under the ERM framework include:

## **Timely Recruitment of Skilled Workforce**

Supply Ontario is continuing to build its organizational capacity to successfully deliver on its mandate. Timely recruitment of staff has been impacted by unique skill requirements and challenges in attracting qualified candidates in a post-pandemic market. With recent leadership changes, Supply Ontario has also had to mitigate, in the short term, against staff departures to continue to sustain organizational growth and development.

Supply Ontario has developed a resourcing strategy that allows for quick ramp-up of staffing resources and organizational stability while balancing the agency's ability to successfully onboard the new staff. The strategy includes use of external firms to assist with recruitment efforts, recruiting supply chain talent from both public and private sectors and, where necessary, leveraging external, temporary resources to supplement existing staff.

## **Fragmented and Incomplete Supply Chain Data**

Ontario's public sector supply chain ecosystem is large, complex and fragmented. An incomplete and inconsistent supply chain data environment challenges Supply Ontario to inform decision-making across sectors and throughout the OPS and BPS.



To mitigate this risk, Supply Ontario is engaging with stakeholders throughout the province to develop a province-wide supply chain data architecture model and a master data management strategy that will include ongoing data collection and governance principles and a robust cybersecurity detection, prevention and response capability.

## **Change Management**

Resistance from partners and stakeholders may affect Supply Ontario's ability to implement transformational changes and achieve desired outcomes.

Supply Ontario has developed a comprehensive stakeholder engagement strategy including strategic, phased engagements and timely communications to ensure awareness and opportunities for dialogues through each stage of transformation.

# Management Discussion and Analysis

## **Overview**

Centralized Supply Chain Ontario (Supply Ontario) is a Crown agency. It is funded by the Province of Ontario to identify value creation opportunities, create greater resilience, and generate economic development opportunities as they relate to the end-to-end business of supply management and delivery of services through Ontario's BPS and OPS entities.

This Management's Discussion and Analysis (MD&A) is intended to provide an overview of Supply Ontario's financial activities for the year ended March 31<sup>st</sup>, 2023, and should be read in conjunction with the financial statements for the year ended March 31<sup>st</sup>, 2023 and related notes.

## **Operating Results**

### **Year-ended March 31, 2023 vs. Budget**

Supply Ontario reported a net deficit of \$2.36 million for the year because the budgeted transfer funding was received across two fiscal periods. In FY2021-22, Supply Ontario had an accumulated surplus of \$6.67M which instead of being returned to the Province, was agreed to be deducted from the transfer payment that was scheduled for FY2022-23. The FY2021-22 accumulated surplus was due to delays experienced in standing up the organization in its first year of operation.

## Revenues

Supply Ontario, as an operational service agency, is fully funded by the Province of Ontario. Total revenue for the year was \$12.64 million which included transfer payment funding of \$12.35 million and \$0.29 million in deposit interest. Cash on hand at the beginning of FY2022-23 was \$8.70 million which included \$6.67 million of accumulated surplus from FY2021-22.

As such, in 2022-23 the agency had total available funding of \$21.34 million.

## Expenses

- Salary and benefit expenses were \$11.84 million for the year, \$8.45 million below budget, primarily due to changes in hiring timelines of the agency.
- Service expenses were \$3.11 million for the year, \$12.95 million below budget. This was due to the shift in the implementation of Supply Ontario's priority initiatives under new leadership.
- Supplies and equipment expenses were \$0.006 million for the year, \$1.35 million below budget. Expenses budgeted in this category included the establishment of a physical office space which is expected to occur in FY2023-24.
- Transportation and communication expenses were \$0.05 million for the year, \$0.25 million below budget because of lower than anticipated spend.

## Year-ended March 31, 2023 vs. March 31, 2022

Supply Ontario reported a deficit of \$2.36 million for the year, a decrease of \$9.03 million compared to the prior year. The deficit is attributed to \$6.67 million of the FY2022-23 funding recovered by the Province for the FY2021-22 surplus.

## Revenues

Funding received was \$12.35 million for the year and deposit interest received was \$0.29 million which together is \$4.28 million lower than prior year. At year end FY2021-22, Supply Ontario had a cash balance of \$8.70 million which funded operations through the beginning of FY2022-23.

## Expenses

- Salary and benefit expenses were \$11.84 million for the year, \$6.74 million above prior year due to increased headcount as the agency continued to grow.
- Services expenses were \$3.11 million for the year, \$2.03 million below prior year due to the agency onboarding more permanent staff.

## Statement of Financial Position

### Cash

On March 31, 2023, the cash balance was \$4.97 million, a decrease of \$3.72 million from prior year's balance of \$8.70 million. The decrease in cash was result of reduced funding from the Province of Ontario to align funding to the agency's operating requirements.

### Accounts Receivable

On March 31<sup>st</sup>, 2023, the accounts receivable balance was \$1.35 million, an increase of \$0.50 million from prior year's balance of \$0.85 million. This increase is primarily due to HST recoverable.

### Accounts Payable and Accrued Liabilities

On March 31<sup>st</sup>, 2023, the accounts payable and accrued liabilities balance was \$1.64 million, a decrease of \$0.82 million from prior year's balance of \$2.46 million. This decrease is primarily due to payments made to external vendors for the amount of \$0.52 million during the year and an increase in accrued liabilities for \$1.12 million for which accrued liabilities comprised mostly of salaries & wages related expenses.



# Centralized Supply Chain Ontario

## Financial Statements

March 31, 2023

**Management's responsibility for financial reporting**

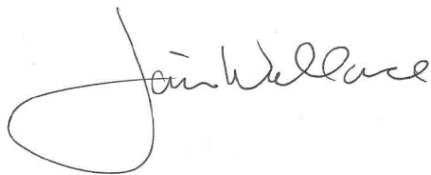
The accompanying financial statements of Centralized Supply Chain Ontario have been prepared in accordance with Canadian public sector accounting standards, and, where appropriate, include amounts based on management's best estimates and judgements. The financial statements have been properly prepared within reasonable limits of materiality and considering information available up to June 27, 2023.

Management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded, and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors oversees management's responsibilities for financial reporting and internal controls.

The Financial Statements have been audited by the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the Financial Statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's Report, which appears on the following pages, outlines the scope of the Auditor's examination and opinion.

On behalf of management:



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Jamie Wallace  
Chief Executive Officer



## INDEPENDENT AUDITOR'S REPORT

### To Centralized Supply Chain Ontario

#### Opinion

I have audited the financial statements of Centralized Supply Chain Ontario (operating as Supply Ontario), which comprise the statement of financial position as at March 31, 2023, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year ended March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Supply Ontario as at March 31, 2023, and the results of its operations, changes in its net financial assets and its cash flows for the year ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Supply Ontario in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Supply Ontario's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Supply Ontario either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Supply Ontario's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Supply Ontario's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Supply Ontario's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Supply Ontario to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Toronto, Ontario  
June 27, 2023

Bonnie Lysyk, MBA, FCPA, FCA, LPA  
Auditor General



# Statement of Financial Position

As at March 31, 2023

(in thousands of dollars)

	Note	March 31, 2023	March 31, 2022
<b>Financial Assets</b>			
Cash		\$ 4,973	\$ 8,696
Accounts receivable	3	1,354	852
		<hr/>	<hr/>
		6,327	9,548
<b>Liabilities</b>			
Accounts payable and accrued liabilities	5	1,635	2,458
Due to Province	7	435	439
		<hr/>	<hr/>
		2,070	2,897
Net-financial assets		4,257	6,651
<b>Non-Financial Assets</b>			
Prepaid expenses	4	53	23
		<hr/>	<hr/>
<b>Accumulated Surplus</b>		<b>\$ 4,310</b>	<b>\$ 6,674</b>

Commitments (Note 8)

Contingencies (Note 9)

The accompanying notes are an integral part of these financial statements.

## Approved by the Board of Directors



Chair, Board of Directors



Vice Chair, Board of Directors

# Statement of Operations and Accumulated Surplus

For the year ended March 31, 2023

(in thousands of dollars)

	Note	April 1 to March 31, 2023 Budget	April 1 to March 31, 2023 Actual	April 1 to March 31, 2022 Actual
<b>Revenues</b>				
Province of Ontario	1, 7	\$ 38,000	\$ 12,351	\$ 16,887
Other income		60	286	27
		<u>38,060</u>	<u>12,637</u>	<u>16,914</u>
<b>Expenses</b>				
Salaries, wages and benefits	6, 7	20,288	11,838	5,102
Transportation and communication		297	50	7
Services		16,059	3,107	5,141
Supplies and equipment		1,356	6	3
		<u>38,000</u>	<u>15,001</u>	<u>10,253</u>
<b>Annual Operating (Deficit) Surplus</b>		60	(2,364)	6,661
<b>Accumulated surplus, beginning of period</b>		<u>-</u>	<u>6,674</u>	<u>13</u>
<b>Accumulated surplus, end of period</b>		<u>\$ 60</u>	<u>\$ 4,310</u>	<u>\$ 6,674</u>

The accompanying notes are an integral part of these financial statements.

# Statement of Changes in Net Financial Assets

For the year ended March 31, 2023

(in thousands of dollars)

		April 1 to March 31, 2023 Budget	April 1 to March 31, 2023 Actual	April 1 to March 31, 2022 Actual
Annual Operating (deficit) surplus		\$ 60	\$ (2,364)	\$ 6,661
Change in non-financial assets:				
Prepaid expenses	4	-	(30)	(23)
<b>(Decrease) Increase in Net financial asset</b>		<u>60</u>	<u>(2,394)</u>	<u>6,638</u>
<b>Net financial asset, beginning of period</b>		<u>6,674</u>	<u>6,651</u>	<u>13</u>
<b>Net financial asset, end of Period</b>		<b><u>\$ 6,734</u></b>	<b><u>\$ 4,257</u></b>	<b><u>\$ 6,651</u></b>

The accompanying notes are an integral part of these financial statements.

# Statement of Cash Flow

For the year ended March 31, 2023

(in thousands of dollars)

	April 1 to March 31, 2023	April 1 to March 31, 2022
<b>Operating activities</b>		
Annual Operating (Deficit) Surplus	\$ (2,364)	\$ 6,661
Changes in working capital items:		
Accounts Receivable	(502)	(849)
Prepaid Expenses	(30)	(23)
Accounts payable and accrued liabilities	(823)	2,391
Due to Province	(4)	439
Cash used from operating activities	(1,359)	1,958
<b>Net (Decrease) / Increase in cash</b>	(3,723)	8,619
<b>Cash, beginning of year</b>	8,696	77
<b>Cash, end of year</b>	<b>\$ 4,973</b>	<b>\$ 8,696</b>

The accompanying notes are an integral part of these financial statements.

# Notes to the Financial Statements

For the year ended March 31, 2023

(in thousands of dollars)

## 1. Nature of the Agency

Centralized Supply Chain Ontario (Supply Ontario) is a Crown agency that reported to the Ministry of Public and Business Service Delivery up to July 2022 and to the Treasury Board Secretariat thereafter. Supply Ontario was established on November 5, 2020, under O. Regulation 612/20 made under the Supply Chain Management Act (Government, Broader Public Sector and Health Sector Entities), 2019.

Supply Ontario's objects and duties include:

- provide and support supply chain management on behalf of government entities, broader public sector entities and health sector entities.
- collect supply chain management and vendor performance data from government entities, broader public sector entities and health sector entities.
- provide and support supply chain management in respect of personal protective equipment on behalf of entities other than government entities, broader public sector entities and health sector entities.

Supply Ontario is primarily funded by the Province of Ontario through the Ministry of Public and Business Service Delivery as a Crown Corporation of the Province of Ontario. Supply Ontario is exempt from federal and provincial income taxes under the Income Tax Act (Canada).

## 2. Significant Accounting Policies

### a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards as established by the Public Sector Accounting Board (PSAB) of The Chartered Professional Accountants of Canada (CPA Canada).

# Notes to the Financial Statements

For the year ended March 31, 2023

(in thousands of dollars)

## **b) Revenue Recognition:**

### (i) Province of Ontario

The Province of Ontario (Province) provides funding in connection with Supply Ontario's objectives. Transfers from the Province, through the Ministry of Public and Business Services are referred to as government transfers and are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that conditions give rise to an obligation that meets the definition of a liability. Funds received from the province are recognized as deferred revenue when these conditions give rise to a liability. Funds received from the province are recognized in the Statements of Operations and Accumulated Surplus as the liabilities are settled.

### (ii) Other Income

Interest income is recorded on an accrual basis and recognized as earned.

## **c) Expenses**

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expenses.

## **d) Cash**

Cash includes cash on hand and balances with banks.

## **e) Financial Instruments**

Supply Ontario's financial assets and liabilities are accounted for as follows:

- Cash is subject to an insignificant risk of change in value so carrying value approximates fair value; and
- Accounts receivable, accounts payable, accrued liabilities and due to province are recorded at cost.

# Notes to the Financial Statements

For the year ended March 31, 2023

(in thousands of dollars)

## f) Related Party Transactions:

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties.

## g) Employee Pension Benefits

Supply Ontario's full-time employees participate in the Public Service Pension Plan (PSPP), which is a defined benefit pension plan for employees of the province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPP, determines Supply Ontario's annual payments to the Plan. Since Supply Ontario is not a sponsor of the pension plan, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of Supply Ontario, as the sponsor is responsible for ensuring that the pension plan is financially viable. Supply Ontario's contributions are accounted for as if the PSPP was a defined contribution plan with contributions being expensed in the period they come due.

## h) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported year. Items subject to such estimates and assumptions include accrued liabilities. Actual results could differ from those estimates.

## 3. Accounts Receivable

('000s)	2023	2022
Interest Receivable	\$ 23	\$ 0
Recoverable HST	\$ 1,331	\$ 852
TOTAL	\$ 1,354	\$ 852



## Notes to the Financial Statements

For the year ended March 31, 2023

(in thousands of dollars)

### 4. Prepaid Expenses

<b>('000s)</b>	<b>2023</b>		<b>2022</b>	
Insurance	\$	21	\$	20
Other Prepaid Expenses	\$	32	\$	3
<b>TOTAL</b>	<b>\$</b>	<b>53</b>	<b>\$</b>	<b>23</b>

### 5. Accounts Payable and Accrued Liabilities

Accounts payable relate to normal business transactions with third-party vendors. Accrued liabilities relate to accruals for salaries, wages and benefits and other expenses.

<b>('000s)</b>	<b>2023</b>		<b>2022</b>	
Accounts payables	\$	523	\$	2,242
Accrued liabilities	\$	1,112	\$	216
<b>TOTAL</b>	<b>\$</b>	<b>1,635</b>	<b>\$</b>	<b>2,458</b>

### 6. Employee Pension Benefits

Supply Ontario provides pension benefits to substantially all of its permanent employees. During the year, pension benefits of \$567 (2022-\$90) are included in salaries wages and benefits in the statement of operations and accumulated surplus.

## Notes to the Financial Statements

For the year ended March 31, 2023

(in thousands of dollars)

### 7. Related Party transactions

Supply Ontario is a Crown Agency of the Province of Ontario and is therefore a related party to other organizations that are controlled by or subject to significant influence by the province. There transactions are as follows:

Related Party	2023			2022		
	S&W Benefits	Services	Due to Province	S&W Benefits	Services	Due to Province
Ministry of Public and Business Services Delivery	\$ 140	\$ 297	\$ 313	\$ 764	\$ 78	\$ 119
Ministry of the Attorney General	\$ 1,048	\$ -	\$ 65	\$ 990	\$ -	\$ 251
Ministry of Children, Community and Social Services	\$ 145	\$ 1	\$ -	\$ 130	\$ -	\$ 29
Treasury Board Secretariat	\$ 36	\$ -	\$ 22	\$ 71	\$ -	\$ 35
Infrastructure Ontario	\$ -	\$ 8	\$ 6	\$ -	\$ 5	\$ 5

## Notes to the Financial Statements

For the year ended March 31, 2023

(in thousands of dollars)

### 8. Commitments

Subsequent to year end, Supply Ontario signed a two-year lease agreement for its office space. Minimum annual payments under operating leases are as follows:

<b>Fiscal Year</b>	<b>Amount</b>
2023-24	\$ 513
2024-25	\$ 616
2025-26	\$ 103
TOTAL	\$ 1,232

### 9. Contingencies

In the normal course of operations, Supply Ontario is subject to various claims and potential claims. Management has recorded its best estimate of the potential liability related to these claims where potential liability is likely and able to be estimated.

### 10. Financial Instruments

Liquidity risk is the risk that the Supply Ontario will not be able to meet its cash flow obligations as they fall due. Supply Ontario's exposure to liquidity risk is minimal as all funding is sourced primarily from the Province of Ontario.