

# Community Resources and Employment

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## **Main points**

The Department of Community Resources and Employment is a large, complex agency that spent \$607 million delivering its programs.

The Department did not adequately follow its rules and procedures to ensure that it spent all public money for the purposes intended by the Legislative Assembly.

For social assistance payments, the Department needs to improve its compliance with its established procedures to ensure that only eligible clients receive assistance and that they receive the correct amount of assistance (e.g., the Department must strengthen its verification of the continued eligibility of clients to receive assistance).

For programs that Community-Based Organizations (CBOs) deliver, the Department should strengthen its assessment of the CBOs' progress in achieving the Department's operational objectives. To do this, the Department needs to encourage CBOs to submit timely and complete performance reports.

For children in its care, the Department must follow its rules and procedures to ensure that it protects children and that payments to care providers are authorized (e.g., the Department needs to ensure that care providers are qualified to care for the children).

## Introduction

The mandate of the Department of Community Resources and Employment (formerly Social Services) is to advance the economic and social well-being of Saskatchewan people. It provides basic income support, housing, childcare, career services, and employment programs. The Department helps vulnerable families care for and support family members. It supports independent community-based services for people with mental and physical disabilities.

The Government's summary financial statements show social services and assistance expenses of \$794 million for the year ended March 31, 2003 (March 31, 2002 - \$784 million).

The following table sets out the total Government spending for social services and assistance expenses by agency:

	(in millions of dollars)	
	<u>2003</u>	<u>2002</u>
Department of Community Resources and Employment	\$ 607	\$ 580
Department of Municipal Affairs and Housing	-	139
Saskatchewan Housing Corporation	113	-
Department of Learning	24	53
Department of Justice	50	-
Other Government agencies	<u>-</u>	<u>12</u>
	<u>\$ 794</u>	<u>\$ 784</u>

The Department received \$607 million from the General Revenue Fund to deliver its programs. The following list shows the major programs and spending based on the original estimates.

	<u>Original Estimates</u>	<u>Actual</u>
	(in millions of dollars)	
Income Support	\$ 308	\$ 308
Family and Youth Services	70	65
Community Living	76	74
Regional Service Centres	68	69
Child Care	20	19
Accommodation and Central Services	17	17
Other	53	52
Early Childhood Development	<u>3</u>	<u>3</u>
Total	<u>\$ 615</u>	<u>\$ 607</u>

### **Special purpose funds and Crown agencies**

The Department is responsible for the following special purpose funds and Crown agencies:

	<u>Year-End</u>
Social Services Central Trust Account	March 31
Saskatchewan Housing Corporation (SHC)	December 31

We reported the results of our audit of SHC in our 2003 Report – Volume 2, Chapter 9—Community Resources and Employment.

### **Our audit conclusions and findings**

**In our opinion, for the year ended March 31, 2003:**

- ◆ **the Department had adequate rules and procedures to safeguard public resources except as described in this chapter; and**
- ◆ **the Department complied with the authorities governing its financial reporting, safeguarding public resources, revenue raising, and spending except as described in this chapter.**

## **Policies and procedures need to be followed for social assistance payments**

The Department needs to follow its rules and procedures to ensure that only eligible persons receive social assistance and that they receive the correct amount of assistance.

The Department paid approximately \$238 million in social assistance during the year ended March 31, 2003. The Department had adequate rules and procedures for ensuring that only eligible persons receive the right amount of assistance. For example, the Department's rules and procedures require that it:

- ◆ verify and document the eligibility of clients (e.g., living arrangements, employment status, personal income and assets);
- ◆ periodically compare social insurance numbers with other provinces to ensure that each client is only collecting benefits from one province;
- ◆ matches information reported by clients to other government agencies (e.g., Canada Customs and Revenue Agency) to ensure that clients are reporting all income to the Department; and
- ◆ carries out internal audits of social assistance payments and compares the audit results with a pre-established acceptable error rate.

The Department did not adequately follow its established rules and procedures to ensure that only eligible persons receive the correct amount of assistance.

The Department's rules and procedures include verifying clients' eligibility when they apply for assistance and at least annually after that. Forty-eight percent of the client files we examined did not contain adequate information for the Department to verify the eligibility of applicants. For example, application forms in these files did not contain all required information such as the client's identification, employability, assets, income, spouse, and dependants.

The Department's annual verification of each client's continued eligibility was not adequate. For many clients, the Department relied on annual questionnaires filled out by clients. Also, the Department often did not adequately document or verify changes to clients' eligibility based on information obtained during the annual review.

The Department did not adequately document its verification of expenses (e.g., rent, utilities) paid to, or on behalf of, clients in 27% of the files we examined.

Fifteen percent of the files we examined indicated a significant possibility of payments to ineligible clients or incorrect payments to eligible clients. For example, clients who were not eligible received benefits such as a monthly training allowance or a disability benefit. We expected that the Department would have investigated such cases to ensure the clients received the correct amount of assistance. However, we found no evidence that the Department investigated those cases.

Because the Department did not adequately follow its rules and procedures, it did not know that only eligible clients received the correct amount of assistance. Also, because the Department did not adequately follow its rules and procedures, we are unable to determine that only eligible clients received the correct amount of assistance.

We also reported this matter in previous reports. In June 2001, the Standing Committee on Public Accounts (PAC) agreed with our recommendation.

We noted that the Department has started to strengthen its processes for ensuring staff follow its rules and procedures. The Department has set up a call centre to unify the collection of client information. This has improved the accuracy and completeness of information collected on new or reapplying clients. The Department is also providing additional training to staff to ensure they are aware of and able to follow the rules and procedures.

We continue to recommend that the Department follow its established procedures to ensure that only eligible clients receive assistance and that they receive the correct amount of assistance.

## **Internal auditor's reports not timely**

The Department needs timely reports from its internal auditor.

The internal auditor's reports provide senior management with assurance on the effectiveness of the Department's processes designed to ensure that it spends public money according to the law.

The internal auditor prepared audit reports on the following programs:

- ◆ Saskatchewan Assistance Plan (SAP); and
- ◆ Saskatchewan Employment Supplement (SES).

The Department expects an annual internal audit report on each program within six months of the end of the audit period. We think the Department needs the audit reports sooner. The Department cannot make timely decisions with audit reports that are six months old. Reporting deadlines of three months or sooner would provide the Department with more useful information.

The internal auditor did not issue audit reports on SAP and SES until six months after the audit period. As well, the internal auditor did not provide any interim audit reports. Without timely audit reports, the Department cannot be sure that its rules and procedures are working properly to ensure that money is spent according to the law.

We also reported this matter in previous years. In June 2001, the PAC agreed with our recommendation.

We continue to recommend that the Department receive timely internal audit reports.

## **Policies to protect children in care need to be followed**

The Department needs to ensure that children in its care are protected and that payments to the childcare providers are authorized.

One objective of the Department is to promote the well-being of children, youth, and families throughout the province. The Department has

programs and services to protect children from abuse and neglect, support families and communities in caring for children, assist people facing family violence, and provide adoption services.

The Department has approximately 1,700 children in foster care and 725 in alternate care. Foster care providers usually do not have any prior relationship with the child. For alternate care, the Department places the child with family or other relatives.

The Department has established policies and procedures for the placement of children in its care and to ensure payments for childcare are properly authorized. If the Department does not follow its policies and procedures, it cannot ensure that children in its care are safe and that payments to the child care providers are authorized.

For both foster and alternate care providers, the Department requires criminal record checks on all adults living in the home. In seven of the 16 cases we reviewed, the Department did not do criminal record checks on one or more adults living in the home. In one case, we found where a care provider had an extensive criminal record and the Department had not considered this when approving the care provider. The Department also requires checks on a potential child care provider's past history with the Department. In three of the 16 cases we reviewed, the Department did not verify a potential care provider's past history with the Department.

The Department often did not have agreements with care providers. Eight of the 16 files we examined did not contain agreements with care providers.

For children placed in alternate care, the Department's policies are less detailed. The Department requires a home assessment on each potential care provider to ensure that it places the child in a safe home. The Department also requires that its employees maintain contact with the alternate care provider and child as necessary to ensure that the child is well cared for and protected.

We note that the Department did not consistently follow its policies for alternate care. In two of the eight files we examined, the Department did not complete home assessments. In addition, three files did not adequately document the home assessments. Also, in five files, there

was a lack of evidence that the Department maintained adequate contact with children in alternate care.

Because the Department did not consistently follow its policies and procedures, the Department cannot ensure that it protects the children in its care or that payments to care providers are authorized.

- 1. We recommend that the Department follow its policies to ensure that children in its care are protected and that payments to care providers are authorized.**

### **Maintenance (child support) enforcement needs improvement**

The Department needs to ensure it accurately monitors the pursuit of child support.

The Department requires social assistance clients to pursue other means of support before being eligible for assistance. A custodial parent receiving assistance is required to pursue child support from the other parent if obtaining such support is possible. The Department reduces the amount of assistance provided to the custodial parent through SAP by the amount of child support received. The SES program encourages custodial parents to pursue child support by providing more money to eligible custodial parents who receive child support of at least \$125 per month, but not more than \$3,000 per month.

We examined the records that the Department used to monitor the pursuit of child support. Fifty-seven percent of the records that we examined were not accurate. We also found cases where there was no evidence that support had been adequately followed-up or was being actively pursued.

We reported this matter in prior years. In January 1999, PAC agreed with our recommendation.

We continue to recommend that the Department improve its records and document its procedures to ensure that custodial parents receiving social assistance pursue child support.

## **Processes for community-based organizations need improvement**

The Department's processes to use Community-Based Organizations (CBOs) to deliver services need strengthening.

The Department paid approximately \$70 million to over 260 CBOs. CBOs are non-profit organizations that provide a wide range of programs to local communities for the Department. These programs include group homes, services to enable people to live in their own homes (who otherwise could not), and early childhood and youth-at-risk interventions.

### ***Agreements***

The Department's agreements with CBOs need improvement to ensure that the CBOs achieve the Department's objectives. In our opinion, adequate service agreements:

- ◆ set out clearly the Department's financial, operational, and compliance with the law objectives;
- ◆ require the CBOs to report periodically to the Department their assessments of the control they have established to achieve the Department's financial, operational, and compliance with the law objectives;
- ◆ require the CBOs to report to the Department periodically on their progress in achieving the Department's objectives;
- ◆ allow the Department or an independent auditor to verify the CBOs' reports; and
- ◆ describe how the Department will provide money to the CBOs.

For CBOs managing small amounts of public money (e.g., less than \$250,000), the Department could have less stringent reporting requirements than those described above. For these CBOs, the Department could directly monitor and document their performance instead of requiring formal performance reports from these CBOs.

The Department's annual agreements with CBOs set out the Department's financial and compliance with the law objectives, allow the Department to verify reports received, and describe the basis of Department funding. However, the agreements do not clearly set out the Department's operating objectives. Also, the agreements do not require CBOs to report periodically their assessments of the control they have established to achieve the Department's objectives. Control comprises those elements of a CBO (including its resources, systems, processes, culture, structure, and tasks) that, taken together, support people in the achievement of the Department's objectives. To meet its responsibilities, the Department must know that the CBOs have systems, processes, and other control elements to ensure the proper use of public money entrusted to the CBOs.

As a result of inadequate agreements with CBOs, the Department did not know if CBOs are meeting the Department's financial, operational, and compliance with the law objectives. Also, because the Department did not have adequate agreements with CBOs, we are unable to determine if the money was used only for the type of payments specified in the service agreements.

### **2. We recommend that the Department strengthen its service agreements with CBOs.**

#### ***Performance reports***

Service agreements require CBOs to submit annual reports describing their services and activities as well as quarterly and annual financial reports. These financial reports include a comparison of actual to budget and an explanation of differences. In addition, the service agreements also specify the dates the Department is to receive the reports. These reports help the Department to monitor the CBOs to ensure money is spent as intended.

However, the Department does not require the CBOs to set performance measures and targets to enable the CBOs to report their progress in meeting the Department's objectives. In addition, CBOs are not providing the required financial information on time. Our tests showed that 60% of the quarterly and 32% of the annual reports (June 30 deadline) were submitted late or not at all.

The Department did not do timely reviews of the CBOs' financial reports. It reviewed 54% of the reports more than seven months after the CBOs' year-ends or not at all. Late reviews of financial reports could result in the Department not taking timely corrective action, if for example, a CBO was not spending public money for the purposes intended.

Because the Department did not adequately follow its rules and procedures, it does not know if the CBOs are achieving the Department's operational objectives and financial objectives. Also, because the Department did not have adequate agreements with CBOs, we were unable to determine if the Department spent the money for the types of expenditures cited in the agreements.

We also reported these matters in previous years. At its June 2001 meetings, PAC agreed with our recommendations.

We continue to recommend that the Department ensure all CBOs submit timely performance reports to the Department as required by agreements.

We continue to recommend that the Department perform timely reviews on all the performance information submitted by the CBOs.

We continue to recommend that the Department work with CBOs to establish performance measures and targets that better allow the Department to assess the CBOs' progress in achieving the Department's operational objectives.

Management stated it is developing performance measures and targets for each program area and CBO. Management told us that it hopes to include requirements for outcomes-based accountability reporting as part of the service agreements with CBOs in the future.

### **Business continuity plans required**

The Department needs a written, tested, and approved business continuity plan to ensure that it can continue to deliver its programs and services if its facilities or people are unavailable or if its IT systems fail.

The Department should base its plan on a risk assessment that focuses on key systems.

The Department relies heavily on information technology (IT) systems and data to deliver its services. Department services include providing social assistance payments and emergency money to people in need. The Department is also responsible for protecting children from abuse and neglect, supporting families and communities in caring for children, and assisting people facing family violence. These are services that the Department must provide promptly even if its facilities or staff are unavailable or if its IT systems fail.

A business continuity plan should:

- ◆ set out the responsibilities of those who are to implement the plan;
- ◆ include emergency procedures to be used while the system is unavailable;
- ◆ include steps for the recovery and restoration of the system;
- ◆ have documentation of program processes and procedures; and
- ◆ be regularly tested and updated.

The Department does not have a business continuity plan. However, the Department has some plans that would make up parts of a business continuity plan. For example, it has documented steps to ensure that it can restore systems quickly.

Without a business continuity plan, the Department cannot ensure that it will be able to deliver its programs and services if its facilities or people are unavailable or if its IT systems fail.

**3. We recommend that the Department prepare a business continuity plan.**

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