

Community Resources and Employment

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Main points

Community Resources and Employment is one of the largest departments in the Government. How it fulfils its mandate directly impacts the lives of many Saskatchewan citizens. In this chapter, we focus on three areas.

First, the Department reports that about 56,000 households have housing problems. Inadequate housing affects economic independence, health, and the school performance of children. Access to affordable, adequate housing is a major barrier for increased participation by disadvantaged people in society. The Saskatchewan Housing Corporation (SHC) works with the Department to provide housing to some of these people.

SHC manages a portfolio of nearly 31,000 housing units valued at \$2.7 billion. These units are located through the province. The Government expects SHC to sustain this portfolio over the long term. To achieve this, it is critical that SHC has a good capital plan.

We report that although SHC's capital plan contains most of the information necessary for decision making, it needs to improve. As yet, the Plan does not set out the specific measures SHC would use to determine the appropriate size, mix, and condition of the housing portfolio and what SHC expects to achieve with the portfolio by when. It should. SHC needs this information to ensure that its plans include the right activities to operate and maintain the portfolio efficiently.

Second, we describe our audit plans to determine whether the Department has adequate processes to measure its progress in helping welfare recipients to find and keep work.

Third, as the Department recently reported, it is taking steps in response to concerns we raised in our last report about its child welfare and employment and income assistance programs. In that report, we stated that the Department did not adequately follow its policies and procedures to ensure that only eligible persons receive the correct amount of assistance and that children in care are protected. In response, the Department has prepared a long-term plan to improve compliance with its rules and procedures. We will assess the Department's success in using this plan in our future reports.

Introduction

The mandate of the Department of Community Resources and Employment 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 Department is responsible for Saskatchewan Housing Corporation (SHC). In this chapter, we set out results of our audits of SHC.

In addition, we describe the Department's plans to improve its compliance with its rules and procedures to ensure that only eligible persons receive the correct amount of welfare and that children in its care are protected.

We also describe our audit plans to determine whether the Department has adequate processes to measure its progress in helping welfare recipients to find and keep work.

Our audit conclusions and findings

In Chapter 3 of our 2003 Report – Volume 3, we reported the results of our audits of the Department and its special purpose fund, Social Services Central Trust Account, for the year ended March 31, 2003.

Our Office worked with KPMG LLP, SHC's appointed auditor, using the framework recommended by the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*. To view a copy of this report, see our web site at <http://www.auditor.sk.ca/>. KPMG LLP and our Office formed the following opinions.

In our opinion, for the year ended December 31, 2003:

- ◆ **the financial statements for SHC are reliable;**
- ◆ **SHC had adequate processes to safeguard public resources; and**

- ◆ **SHC complied with the authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.**

In the following sections, we set out matters of significance to the Assembly along with the results of our audit of whether the SHC's capital asset plan, at March 31, 2004, was adequate for helping make decisions.

Department's actions to address our recommendations

In this section, we describe the actions the Department has taken to address two of our previous recommendations for the year ended March 31, 2003.

In our 2003 Report – Volume 3, we recommended that the Department follow its established rules and procedures to ensure that only eligible clients receive assistance and that they receive the correct amount of assistance. We found that the Department often did not fully document the eligibility of persons receiving social assistance. Department records did not contain all required information such as client identification, employability, assets, income, and dependents. As a result, the Department did not know whether only eligible clients receive assistance and that they receive the correct amount of assistance

We also recommended that the Department follow its policies to ensure that children in its care are protected and that payments to care providers are authorized. We found, for example, that the Department often did not do criminal record checks on adults caring for, or living with, children in care.

The Department has prepared a *Quality Improvement Plan* (Plan) to ensure adequate compliance with its policies and procedures over payments for social assistance and children in care.

The Plan sets out objectives, risks to achieving objectives, strategies and actions, performance measures, and required reporting to senior management on progress in achieving objectives. The Plan includes developing baseline data and performance targets for each performance measure by March 31, 2005. If senior management maintains long-term commitment to the Plan, it should provide a reasonable basis for the

Department to achieve and maintain compliance with its policies and procedures.

We will monitor the Department's implementation of the Plan and report our findings in future reports.

Saskatchewan Housing Corporation

Background

In Volume 1 of our 2003 Report to the Legislative Assembly, we set out four key risks that the Saskatchewan Housing Corporation (SHC) must manage well to be successful. As one of the four risks, we noted that SHC must manage its resources to deliver its mandate. In this chapter, we report on the adequacy of SHC's capital asset plan.

Housing is a basic need. In Saskatchewan, people on social assistance or with disabilities, single parent households, persons living alone, and Aboriginal households have the greatest need for affordable and adequate housing. The Government expects the need for affordable and adequate housing to grow.

SHC works with the Department of Community Resources and Employment (Department) to provide affordable and adequate housing to people who cannot access such housing. In March 2004, the Department introduced a new five-year Housing Policy Framework.¹ This Framework includes the Government's plans for SHC's housing portfolio. The Government continues to expect SHC to sustain the housing portfolio over the long term.

SHC coordinates its services through about 270 local housing authorities,² and through more than 180 other organizations (e.g., non-profit organizations, housing co-operatives, and private property owners).

¹ *2004-2005 Saskatchewan Provincial Budget: Performance Plan*. Saskatchewan Community Resources and Employment, p. 1.

² The Minister responsible for the Corporation sets up local housing authorities to provide community-based management for housing assets. The Corporation controls the authorities.

SHC is responsible for a portfolio of nearly 31,000 housing units in 348 communities. Its portfolio is valued at approximately \$2.7 billion.^{3, 4} Through the authorities, it owns and rents out 18,500 housing units. Through agreements with organizations, it provides a further 11,500 housing units. It spends over \$30 million on maintenance and rejuvenation each year.

Good management of public housing assets is critical to the success of SHC. Planning is a key part of management. Sound capital plans ensure SHC has the information required to prepare and support its long-term strategic plans. In addition, sound capital asset plans help communicate consistent and clear messages. This is important for SHC because of the large number of authorities and other organizations with which it works.

Audit objective

The objective of our audit was to determine whether the capital asset plan of SHC was adequate for decision-making. We focused on the capital asset plan available for use on March 31, 2004.

Audit approach and criteria

Throughout the audit, we followed *The Standards for Assurance Engagements* established by The Canadian Institute of Chartered Accountants.

We focused on housing assets such as the land and housing units that SHC owns, as well as those units provided through agreements with other organizations. We call the land and units the housing portfolio. In addition, we use the term “agents” to describe the local housing authorities and other organizations. We did not include computerized information systems within this audit.

To determine the adequacy of the capital asset plan, we used the criteria listed in the following Exhibit. The criteria focus on information required to prepare and support long-term strategic plans. We recognized that SHC’s

³ Government of Saskatchewan, Annual Report 2002, Saskatchewan Housing Corporation, An Agency of Social Services, p. 4.

⁴ 2004-2005 Saskatchewan Provincial Budget: Performance Plan. Saskatchewan Community Resources and Employment, estimate of replacement value, p. 3.

capital asset plan is not a single document. Rather we used the criteria to determine if SHC documents the necessary information in an understandable and accessible way.

These are the same criteria we used on past audits at various Health Districts (now called Regional Health Authorities), the Department of Justice, and the Department of Health. We reported the results of these audits in the following past reports to the Legislative Assembly: Chapter 6D of the 2001 Fall Report – Volume 2 (District Health Boards), Chapter 7 of the 2002 Fall Report – Volume 2 (Justice), and Chapter 2A of 2003 Report – Volume 3 (Health). Each of these agencies, along with SHC, have confirmed that the criteria are reasonable and appropriate.

Exhibit—Criteria for capital asset plans

Public sector capital asset plans should include the following:

- 1. Capital assets required to support strategic objectives and programs**
 - ◆ overview of strategic objectives that will impact capital assets
 - ◆ summary of required capital assets for next ten years in line with strategic direction
 - ◆ responsibility for capital assets
- 2. Gap between required and existing capital assets**
 - ◆ summary of existing capital assets
 - ◆ risks related to existing capital assets
 - ◆ gap between existing capital asset capacity and needs for ten years
- 3. Strategies to manage capital assets**
 - ◆ strategies to obtain capital assets to meet program needs
 - ◆ strategies to operate capital assets
 - ◆ strategies to maintain capital assets
 - ◆ strategies to dispose of capital assets no longer usable or required
- 4. Justification of capital asset strategies**
 - ◆ criteria used to select capital asset strategies
 - ◆ outline of capital and non-capital alternatives to achieve strategic objectives
 - ◆ explanation of how capital asset strategies minimize key risks
- 5. Financial implications of capital asset strategies**
 - ◆ estimated life-cycle costs for planned capital assets over the next ten years
 - ◆ sources of money to carry out capital asset strategies

Audit conclusion

As at March 31, 2004, SHC's capital asset plan was adequate for decision making except that it did not include how SHC expects to determine and measure how well it sustains the housing portfolio over the long term.

Good capital plans include key strategies to support the long-term strategic plans. In addition, capital plans set out how SHC will show achievement of related strategic objectives. SHC is expected to sustain its housing portfolio over the long term. It is critical that its capital plan show how SHC will achieve its objectives.

Findings by criteria

In this section, we describe in italics the criteria in more detail and our key findings for those criteria. We describe these findings to illustrate existing practices and to highlight challenges faced by SHC. In addition, we make a recommendation for improvement.

Capital assets required to support strategic objectives and programs

A capital asset plan includes an overview of the strategic objectives that will impact capital assets. It highlights the nature of programs and changes in strategic direction requiring capital assets.

A capital asset plan summarizes estimated capital assets required to support SHC's strategic objectives and programs over the long term (e.g., ten years). It sets out key measures to track the achievement of the related strategic outcomes. It sets out the major assumptions used (e.g., demographics, program changes, and estimated remaining useful life of key assets). It states the responsibilities of each key party for capital assets and changes to the capital assets.

SHC's capital asset Plan (Plan) recognizes that SHC's housing portfolio is an integral part of the delivery of adequate and affordable housing in Saskatchewan. The Department's Housing Policy Framework and its 2004-05 Performance Plan set out its expectations of the housing portfolio for contributing to the achievement of the Department's strategic

objectives. As stated, the Government continues to expect SHC to sustain most of the existing 31,000 housing units over the long term and to provide, by 2008, an additional 2,000 housing units for low- and moderate-income households (i.e., expected outcome).

SHC maintains detailed descriptions of its housing programs. The descriptions include a current summary of the existing housing portfolio by type (e.g., senior, family, special needs) and program (e.g., rental supplement, cooperative). For each program, the descriptions set out the objective, target group, eligibility criteria, assistance available, cost-sharing, and current level of SHC's involvement. It distributes these descriptions widely.

The Plan, as yet, does not set out, *in a quantifiable way*, how SHC expects to assess the extent to which it achieves its expected outcomes. That is, the Plan did not include the following: the specific measures that SHC will use to determine the extent to which the housing portfolio is sustained as expected (i.e., performance measures), the starting point of each measure (i.e., baseline), and what SHC expects to achieve with the housing portfolio and by when (i.e., targets).

For example, SHC could use the condition (e.g., poor, good, very good) and the economic life (e.g., number of years of remaining useful life) of the housing portfolio as ways to determine the extent to which it achieves its expected outcome. To make these measures useful, SHC would need to take the following steps. First, decide how to measure the actual condition and remaining economic life of the portfolio. Second, decide the level of performance that it expects (i.e., targets) for each (e.g., 90% of the units in good condition and available for an additional 30 years). Third, periodically measure the actual level for each measure and compare these results to its targets. Use of these steps would provide SHC with information to adjust the nature, extent, or timing of its processes to operate and maintain the units, as necessary.

The Plan includes several long-term assumptions. These include demographic projections (e.g., trends in intra-provincial migration), increases in operating and maintenance costs, and sources of money available to SHC. The Plan adequately addresses the ownership and responsibility for the existing housing portfolio. SHC uses standard agreements with its agents. Agreements with authorities are ongoing.

Agreements with other organizations are typically for 35 years. These agreements set out the broad responsibility of each party for the specific housing units. In addition, SHC's manuals provide further detail on the roles and responsibilities of each party. SHC provides these manuals to its agents.

1. **We recommend that the Saskatchewan Housing Corporation's capital plan show:**
 - ◆ **the specific measures the Corporation would use to determine the appropriate size, mix, and condition of the housing portfolio (i.e., performance measures),**
 - ◆ **the starting point of each measure (i.e., baseline), and**
 - ◆ **what the Corporation expects to achieve with the housing portfolio and by when (i.e., targets).**

Gap between required and existing capital assets

A capital asset plan summarizes the capacity of existing capital assets. It identifies assets by type, size, and location. It sets out the current condition of assets (e.g., estimated remaining life, current state, or need for repairs).

A plan describes the gap between existing asset capacity and the assets needed to deliver programs over the long term (e.g., next ten years). It identifies surplus assets or excess capacity. It also sets out points in time when the need for specific assets is critical.

A plan outlines risks related to its assets (i.e., limitations in use; industry, safety; or performance standards that might not be met; occupancy rates, downtime; and maintenance history).

SHC's Plan summarizes most aspects of the capacity of its housing portfolio. It does so in terms of the type, size, and location of housing units. It identifies the number of units with chronic vacancies by location. SHC bases the Plan on the general overall condition of the housing units.

SHC inspects each unit in various ways. First, it expects its agents to inspect units and to record the results of these inspections. Second, through periodic reviews of the operations of its agents, SHC inspects units and checks if its agents have done their inspections. Third, it directly

inspects each unit over a cycle. It inspects units managed by authorities every two years. It inspects units managed by other organizations every three years.

These inspections determine the condition of units and highlight problems or issues. The inspection reports of units managed by other organizations summarize the condition (e.g., as poor, good, or very good) and the estimated economic life of each unit.

The Plan identifies the immediate and long-term need for housing. It sets out the need in the following way: the number of households by key intervals (e.g., 62,000 households by 2011), general type of need (e.g., seniors, single parents, special need), and location (e.g., northern communities). The Plan recognizes the significant gap between the existing housing portfolio and housing needs.

As stated in the 2004-05 Performance Plan, “social housing is a scarce resource that can never meet all housing needs of low-income people.” The Department does not expect SHC to satisfy this gap. Rather, the Department expects SHC to maximize the use of its portfolio. In addition, the Department uses its other programs to provide services to others in need of adequate housing.

The Plan identifies the key risks associated with its housing portfolio and its ability to deliver its programs and services. For example, risks include increasing repairs due to an aging portfolio, units not suitable for changing needs of tenants, vacancies in communities experiencing depopulation, and declining federal funding.

Strategies to manage capital assets

A capital asset plan includes strategies to manage the assets. These include strategies to maintain, operate, dispose of, and acquire assets. These strategies are based on key information (e.g., type, size, location, age, estimated remaining life, history of maintenance, and current condition) that is reasonable, current and assessable.

Strategies to maintain assets set out and track the expected frequency, level, and processes to maximize the life and performance of the asset.

Strategies to operate assets identify and track key requirements necessary to achieve expected capacity. They state the qualifications or training required of related personnel.

Strategies to dispose of assets identify and track assets no longer of use or useable. They set out opportunities for re-use, destruction, or removal of assets.

Strategies to acquire new assets state the types of assets necessary to meet needs. They set out expected standards for performance, desired method of acquisition (e.g., buy, build, rent), and identify potential partners, as appropriate.

The agents directly manage the housing portfolio. SHC expects them to collect and maintain key information on each unit. SHC also collects and keeps some of this information directly.

The Plan indicates that SHC does not expect to change its strategies to manage the existing housing portfolio significantly from the past. SHC's focus is to sustain the portfolio over the long term. SHC was responsible for sustaining the portfolio in the past as well. As a result, it does not expect the frequency, level and nature of its activities to change significantly over time.

The Plan reflects activities based on signed agreements with its agents and the federal government. These agreements set out general operating and maintenance activities expected for the existing housing portfolio. These are long-term agreements (e.g., 35 years). Agreements with the federal government set out the funding SHC can expect until 2038.

In addition, SHC uses standards to set out its strategies to maintain and operate its units. SHC sets out its standards in manuals and training workshops. It provides these to its agents.

Its standards are set to ensure its agents know how SHC expects them to operate and maintain the units. The standards include inspections, environmental concerns, signage, landscaping, vacant unit turnaround times, and snow removal. The Department expects its agents to follow these standards. Periodically, it checks to see if they do so.

As stated, measurable targets help determine the nature, extent, and timing of activities necessary to meet the desired outcomes. SHC uses its standards to guide the nature, extent, and timing of its activities. Because the Plan does not include measurable targets, we cannot determine if SHC's standards reflect the amount of effort necessary. That is, the standards may require more or less effort than necessary for SHC to sustain the portfolio over the long term.

The Plan identified units with chronic vacancies. The Plan sets out a process to determine surplus units, and alternate means of disposal.

Justification of capital asset strategies

A capital asset plan describes the reasons for key decisions about capital assets. By justifying asset strategies, the plan provides important information about what the agency is expecting to achieve with the assets. It identifies related performance expectations, states key assumptions, and sets out criteria used to select the capital asset strategy.

The plan outlines alternatives, including non-capital alternatives, for achieving its objectives. It may rank the alternatives using stated criteria.

The plan explains how the selected strategies will minimize key risks. It may include how timing will ensure assets are available when required.

SHC's capital asset plan outlines reasons for its key decisions relating to capital assets. As stated, at March 31, 2004, SHC plans to sustain its housing portfolio.

The Plan generally explains how its strategies, along with the Department's housing programs, will assist people in need of adequate housing. Key reasons for the approach include the level of planned and expected government funding, age of the housing portfolio, vacancies due to depopulation in communities, inflation outstripping growth in rents, and the gap between the existing housing portfolio and the projected housing needs. The Plan includes key assumptions (e.g., inflation rate, vacancy rate, rent based primarily on tenant's level of income) along with known factors (e.g., expected federal funding).

The Plan outlines alternatives including non-capital alternatives for pursuing its objective of providing housing for those who cannot afford such housing. For example, it provides one-time grants to increase the supply of affordable housing.

The Plan also describes how selected strategies will minimize key risks such as reliance on social housing or controlling costs as the portfolio ages.

Financial implications of capital asset strategies

A capital asset plan describes the financial implications of its strategies. It includes an estimate of the costs to operate, maintain, obtain, and dispose of assets over the long term—up to ten years. Often agencies refer to these costs as life-cycle costs.

In addition, the plan identifies how the agency intends to finance the asset strategies (e.g., debt, cost sharing, user fees, donations, grants).

SHC's capital asset plan describes the financial implications of its strategies over the long term. It includes estimates of costs to operate the existing portfolio for the years 2004 to 2008, as well as long-term estimates for about 20 years. In addition, it sets out assumptions that affect its operating costs. These include changes in interest rates, property taxes, utility rates, and wages. Given its focus is to sustain the existing portfolio, SHC assumes the nature, extent, and level of operating activities will not change significantly over time.

The Plan estimates maintenance costs over 25 years for the 18,500 units on a unit, key activity, and overall basis. It sets out the number of housing units, number of buildings, square footage of the units, type of building, type of building construction (e.g., metal siding, flat roof), and key contents (e.g., appliances).

Its 25-year projection of maintenance costs includes key assumptions about the nature, extent, and level of key maintenance activities (e.g., roof replacement, painting). It does not base the timing of these activities on the current condition of each unit or on its maintenance history. As with operating activities, SHC assumes the nature, extent, and level of maintenance activities will not change significantly over time.

The Plan clearly sets out sources of funds over the long term. It describes the money expected over 10 years from the federal government and rent from tenants.

Our future plans

We will assess SHC's actions to improve its capital asset plan and report our results in a future report.

Moving people from welfare to work—planned audit

The Department has developed processes to measure its progress in helping low income earners and welfare recipients find and keep work. This section explains the significance of these processes. It also outlines the criteria we will use to assess the Department's practices. We plan to complete the audit and report our conclusions and findings to the Legislative Assembly in December 2004.

In 1997, the Department launched a program called *Building Independence – Investing in Families*. The purpose of this program is to assist low income families to meet the costs of raising children and reduce barriers to work for families on welfare.

Over the past decade, many governments in Canada and the United States have developed similar programs. Governments often refer to these programs as “moving people from welfare to work.”

The Department's 2002-03 Annual Report states that “*Building Independence*” has contributed to a steady decline in the number of individuals and families relying on social assistance. In 2002-2003, the Saskatchewan Assistance Plan caseload averaged 29,683 cases, representing a decrease of more than 10,500 cases from the 1994-1995 average.

The Department has made changes to existing programs and added new programs since “Building Independence” was started in 1997. In 2002, the Government transferred responsibility for several labour market programs from the Department of Learning to the Department of Community Resources and Employment. These labour market programs were transferred to the Department of Community Resources and

Employment to better integrate its Building Independence program with existing labour market programs.

Measuring progress in helping welfare recipients find work

Citizens expect government agencies to produce more public benefits with the same or less resources, just as they expect businesses to sell them better products and services at the same or lower prices.

Government agencies can improve their results by directing resources to effective programs and removing resources from less effective ones. Without reliable information on what programs are effective or not, management cannot make good decisions.

While it is essential for the Department to measure its success in moving people from welfare to work, it is not easy. The main difficulty is that many factors external to the Department's programs influence the number of people on welfare. These external influences include other government programs, economic downturns, population age, poverty rates, single parent families, disabilities, substance abuse, and the demand for labour. Even local circumstances, such as the availability of inexpensive public transit, can affect the number of people on welfare.

These external influences make it essential that the Department have good processes to collect and assess information on the status of people on welfare and those who have moved off welfare into employment. While this information will not be perfect, it will help the Department to assess how well its programs are working.

Our audit objective, criteria, and timing

The objective of our planned audit is to determine whether the Department of Community Resources and Employment has adequate processes to measure its progress in helping welfare recipients, and other persons seeking financial assistance, to find and keep work.

We will use criteria to assess the Department's processes. To identify the criteria, we reviewed relevant literature, reports of other auditors, and measurement processes in other jurisdictions. We also consulted with an expert in this field.

Our criteria, set out in the Exhibit, describe the key processes that we expect the Department to use in measuring the effectiveness of its programs. The Department accepts these criteria as reasonable standards for assessing its processes.

Exhibit—Audit criteria for measuring progress

To measure its progress in helping welfare recipients, and other persons seeking financial assistance, to find and keep work, the Department should:

- 1. Define performance measures for moving people from welfare to work**
 - 1.1 Clearly define measures
 - 1.2 Set targets for moving people from welfare to work
 - 1.3 Communicate measures and targets to management and staff
- 2. Obtain relevant and reliable information about welfare recipients**
 - 2.1 Define the data needed for each measure
 - 2.2 Establish adequate processes for collecting the data
 - 2.3 Ensure data is reliable
- 3. Analyze the information that is collected**
 - 3.1 Assess data results
 - 3.2 Ensure that the conclusions reached are consistent with the findings
- 4. Report progress in achieving targets to senior management**
 - 4.1 Reports provide useful information to management
 - 4.2 Reports are reliable and understandable

Our planned audit will assess the Department's processes at June 30, 2004. We will follow *The Standards for Assurance Engagements* established by The Canadian Institute of Chartered Accountants.

Our audit will recognize that evaluating the effectiveness of welfare to work programs is a long-term, complex process. The Department uses various processes, methods, and activities to assess the short and long-term effectiveness of its programs. Accordingly, the Department emphasizes different criteria at various times. For example, before the Department selects a performance measure, it must ensure that accurate data is available at a reasonable cost. At the same time, targets can be difficult to define until reliable baseline data is available. Proper analysis cannot occur until sufficient data has been collected over a reasonable time period. In doing our audit, and in drawing conclusions and recommendations, we will recognize these realities.

We plan to report our findings and recommendations this fall in our 2004 Report – Volume 3.

The remainder of this report describes the criteria in more detail.

Our expectations for Department processes

Define performance measures for moving people from welfare to work

We expect the Department to decide how it will measure its progress in achieving its objective of moving people from welfare to work.

Effective measures are easy to understand, are quantifiable, state expected outcomes, and relate to objectives. Measures also identify a starting point or baseline against which the Department can measure its future progress.

The Department should set targets for each measure to indicate the level and timing of expected results. Targets enable the Department to monitor progress and to take corrective action when results do not meet expectations. Targets should be challenging, but must reflect the long-term nature of helping people move from welfare to work.

The Department will need to communicate its measures and targets to staff. To be able to help the Department to achieve its objectives, staff need to know what they are working towards and why.

Obtain relevant and reliable information on welfare recipients

We expect the Department to identify the data that it must collect about welfare recipients. Relevant and reliable data will enable the Department to monitor its progress and report results to senior management.

Useful data is statistically representative of all welfare recipients. It is cost effective, accurate, and unbiased.

Effective processes for collecting data can include using a variety of collection methods and data sources. These could include surveys, reviews of internal and external administrative data, and interviews with

current and former welfare clients and Department staff. The Department also should consider when to collect the data and the periods covered. For example, it will want to collect the same data on the same recipients at different intervals to assess the long-term impact of its programs.

Analyze the information that is collected.

We expect the Department to analyze the information that it collects to measure the effectiveness of its programs for helping to move people from welfare to work.

A formal plan would aid in the data analysis. Such a plan would set out the analysis objectives, the data required, and the nature and extent of the analysis. Sound plans identify and describe ways to manage challenges and reduce potential risks in doing the analysis.

Analysis of welfare information is complex because factors outside the Department's control affect welfare rates. Evaluation plans should use valid models, rules, and procedures to take into account the impact of external factors like the economy and other government programs.

Staff independent of the welfare to work programs should do the evaluations and draw conclusions. The Department may need to employ outside experts to assist in analysing data and reaching conclusions.

Report progress in achieving targets to senior management

We expect senior management to receive regular reports that allow them to monitor the Department's success in moving people from welfare to work.

Useful reports are relevant, reliable, understandable, and timely. Such reports explain performance against previously agreed targets. They describe how the Department manages key risks to achieving planned results. They show the cost of activities to move people off welfare, the savings from reduced welfare payments, and the benefits and costs to welfare recipients. Useful reports include recommendations on how to improve performance.

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