

Chapter 20

Social Services

1.0 MAIN POINTS

This chapter reports the results of our annual audit of the Ministry of Social Services (Ministry) and its three special purpose funds for the year ended March 31, 2016.

The Ministry and its funds complied with authorities governing their activities, and had effective rules and procedures to safeguard public resources except the Ministry needs to:

- › Consistently remove unneeded user access to its computer systems and data
- › Provide only appropriate recipients with the correct amount of social assistance
- › Better supervise services community-based organizations (CBOs) deliver on its behalf

The 2015-16 financial statements of each fund are reliable.

2.0 INTRODUCTION

The mandate of the Ministry is to help children be safe from abuse and neglect and help individuals meet their basic needs and participate in their community. The Ministry assists these efforts through income support, child and family services, supports for people with disabilities, by providing and helping develop affordable housing, and by building greater capacity in community-based organizations.¹

2.1 Financial Overview

In 2015-16, the Ministry spent \$1,051 million on delivering its programs (see **Figure 1**). It also had revenues totaling \$42.1 million primarily from transfers from the Federal Government (e.g., special allowance for children in care).² Further information about the Ministry's revenues and expenses is available in its annual report.³

Figure 1 – Major Programs and Spending

	Estimates 2015-16 ^A	Actual 2015-16
	(in millions)	
Central Management and Services	\$ 50.6	\$ 60.5
Income Assistance and Disability Services	701.1	720.4
Child and Family Services	226.1	246.3

¹ Ministry of Social Services, *Annual Report for 2015-16*, p. 3. www.finance.gov.sk.ca/PlanningAndReporting/2015-16/2015-16SocialServicesAnnualReport.pdf (11 August 2016).

² *Ibid.*, p. 20-22.

³ www.finance.gov.sk.ca/PlanningAndReporting/2015-16/2015-16SocialServicesAnnualReport.pdf (11 August 2016).



	Estimates 2015-16 ^A	Actual 2015-16
Client Support	17.2	16.5
Housing	9.2	7.9
Total Appropriation	<u>1,004.2</u>	<u>1,051.6</u>
Capital Asset Acquisitions	(9.7)	(6.3)
Capital Asset Amortization	6.6	5.7
Total Expense	<u>\$ 1,001.1</u>	<u>\$ 1,051.0</u>

Source: Ministry of Social Services, *Annual Report for 2015-16*, p. 20.

^ADuring 2015-16, the Ministry received a budget increase through a special warrant of \$48 million.

2.2 Crown Agency and Special Purpose Funds

The Ministry is responsible for the Saskatchewan Housing Corporation, which has a December 31 year-end.⁴ It is also responsible for the following funds with March 31 year-ends:

Social Services Central Trust Account
 Social Services Valley View Centre Grants and Donations Trust Account and Institutional Collective Benefit Fund
 Social Services Valley View Centre Residents' Trust Account

3.0 AUDIT CONCLUSIONS AND SCOPE

In our opinion, for the year ended March 31, 2016:

- › **The Ministry had effective rules and procedures to safeguard public resources except for the matters described in this chapter**
- › **The Ministry complied with the following authorities governing its and each of its funds activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matter described in this chapter:**

The Child and Family Services Act
The Child and Family Services Regulations
The Child Care Act, 2014
The Child Care Regulations, 2015
The Social Services Administration Act
The Department of Social Services Central Trust Regulations
The Social Services Rehabilitation Institutional Collective Benefits Fund and Trust Account Regulations
The Rehabilitation Act
The Rehabilitation Regulations
The Vocational Rehabilitation Regulations
The Residential Services Act
The Private-service Homes Regulations
The Residential-service Facilities Regulations
The Saskatchewan Assistance Act

The Disability Housing Supplement Regulations
The Employment Supplement Regulations
The Personal Care Home Benefit Regulations
The Rental Housing Supplement Regulations
The Saskatchewan Assistance Regulations, 2014
The Saskatchewan Assured Income for Disability Regulations, 2012
The Transitional Employment Allowance Regulations, 2005
The Saskatchewan Income Plan Act
The Seniors Income Plan Regulations
The Executive Government Administration Act
The Ministry of Social Services Regulations, 2007
The Financial Administration Act, 1993
 Orders in Council issued pursuant to the above legislation

⁴ We reported the results of our 2015 audit of the Saskatchewan Housing Corporation in our *2016 Report – Volume 1*.

› The financial statements of each fund are reliable

We used the control framework published by CPA Canada to make our judgments about the effectiveness of the Ministry's controls. The control framework defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

We focused our audit effort on the following areas:

- › Administration of the various programs (e.g., social assistance payments, CBOs) as prescribed by the legislation and policy manuals
- › User access, change management, and recovery processes for key IT applications
- › Monitoring and recording of social impact bonds

4.0 KEY FINDINGS AND RECOMMENDATIONS

In this section, we outline key observations from our assessments and the resulting recommendations.

4.1 Timely Removal of User Access Needed

We recommended that the Ministry of Social Services follow its established procedures for removing unneeded user access to its computer systems and data promptly (2015 Report – Volume 2; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

During 2015-16, the Ministry continued to not consistently follow its procedures for promptly removing unneeded user access to its computer systems and data.

Each month, the Ministry receives reports on users who have not accessed their network accounts in the past 30 days from the Ministry of Central Services. However, the Ministry is only reviewing these reports on a quarterly basis. As a result, an individual could have unneeded user access for up to 90 days after their last day of employ. The Ministry indicated that it plans to review its procedures for removing user access.

During the year, we found the Ministry did not request timely removal of network access for 5 out of 10 individuals we tested. The Ministry removed their network access between 11 and 85 days after their last day of employ.

Not following the Ministry's established procedures for removing user access increases the risk of unauthorized access to confidential information (e.g., information about children in care, banking information, social insurance numbers) and the risk of loss of public money (i.e., inappropriate payments being made to clients or organizations).



4.2 Processes for Income Assistance Payments Need to be Followed

We recommended that the Ministry of Social Services follow its established processes that ensure only eligible clients receive assistance and that they receive the correct amount of assistance. (2000 Report – Volume 3; Public Accounts Committee agreement June 6, 2001)

Status – Partially Implemented

In 2015-16, the Ministry paid social assistance clients⁵ about \$372 million.

In March 2015, the Ministry simplified and modernized *The Saskatchewan Assistance Regulations, 2014* to clarify the intent of the regulations. The Ministry also updated policy manuals related to income assistance payments and provided training to its front line staff.

However, we continue to find that Ministry employees do not consistently follow the Ministry's policies and procedures for making payments to social assistance clients.⁶ In 2015-16, we found the following in the files we tested:

- › 18% of files (2014-15: 8%) had assistance payments that were not appropriately approved in accordance with policy
- › 40% of files (2014-15: 44%) did not have the recipients' financial needs correctly assessed (e.g., rent, allowances)
- › Inadequate documentation for:
 - 21% of files (2014-15: 60%) with home repair expenses (e.g., missing invoices, estimates)
 - 46% of files (2014-15: 43%) with funeral expenses (e.g., missing support for transportation costs)
 - 79% of files (2014-15: 67%) with utility arrears expenses (e.g., missing utility bills)

The lack of compliance with Ministry policies could result in the Ministry paying clients incorrect amounts of social assistance.

⁵ A person who seeks social assistance is called a client.

⁶ These policies and procedures set out how to calculate, verify, and authorize payments to social assistance clients.

4.3 Some Improvements in Supervision of Community-Based Organizations Noted

We recommended that the Ministry of Social Services work with community-based organizations (CBOs) to establish performance measures and targets that better allow it to assess the CBOs progress in achieving the Ministry's operational objectives. (2007 Report – Volume 3; Public Accounts Committee agreement January 8, 2008)

Status – Implemented

CBOs provide services to people to enable them to live in their own homes (who otherwise could not). CBOs also provide programs such as group homes and intervention programs for youth at risk. For the year ended March 31, 2016, the Ministry paid about \$246.3 million to approximately 200 CBOs that provide services on the Ministry's behalf.

Beginning in 2014-15, the Ministry piloted two test programs for developing performance outcomes and measurement tools with nine Child and Family Services CBOs. In 2015-16, one pilot program was deemed successful. The Ministry implemented performance outcomes and measurement in the relevant (approximately 40) CBO agreements. The other pilot program is being re-evaluated as the test performance outcomes and measurement tools were not working as expected. The Ministry plans to adjust the pilot program and test it again.

We recommended that the Ministry of Social Services perform timely reviews on all the performance information submitted by the community-based organizations. (2007 Report – Volume 3; Public Accounts Committee agreement January 8, 2008)

Status – Partially Implemented

The Ministry requires CBOs to submit various operational reports so that the Ministry can review the results of the CBO and make informed decisions.

In 2015-16, while the Ministry received the required reports from CBOs, it received them later than the deadlines expected. For example, for the files we sampled, the Ministry received 13% of the CBOs' audited financial statements and 20% of the CBOs' quarterly financial reports late (2014-15: 40% and 18% respectively).

Also, in 2015-16, the Ministry did not always complete timely reviews of the CBOs' annual financial analysis reports (i.e., reports are to be reviewed by October 31). For example, for the files we sampled, we found that the Ministry did not review 37% (2014-15: 17%) of the reports timely (i.e., reviewed between 2 days to 74 days after the October 31 deadline).

Not receiving and reviewing reports from CBOs when expected increases the risk that the Ministry cannot identify issues and take timely corrective action as needed.



In August 2016, the Ministry indicated that it was revising:

- › Its policy manual to change the reporting requirements for the CBOs to allow CBOs more time to submit reports
- › Its review process for CBOs to move towards a risk-based approach such as focusing more on CBOs with past issues