

## Chapter 16

### Social Services

#### 1.0 MAIN POINTS

This chapter reports the results of our annual audit of the Ministry of Social Services and its three special purpose funds for the year ended March 31, 2017.

The Ministry complied with authorities governing its activities and had effective rules and procedures to safeguard public resources other than it needs to:

- Have proper approval and support for social assistance payments so only eligible clients receive the correct amount of assistance
- Receive and perform timely reviews of performance reports submitted by community-based organizations

The Ministry followed its established procedures for removing unneeded user access to its computer systems and data promptly.

Each fund complied with authorities governing their activities and their 2016-17 financial statements are reliable.

#### 2.0 INTRODUCTION

The mandate of the Ministry is to help children to be safe from abuse and neglect, and help individuals to meet their basic needs and participate in their community. The Ministry provides support to Saskatchewan people through income assistance, child and family services, supports for people experiencing disabilities, safe and affordable housing, and building greater capacity in community-based organizations.<sup>1</sup>

#### 2.1 Financial Overview

In 2016-17, the Ministry spent \$1.1 billion on delivering its programs (see **Figure 1**). It also had revenues totalling about \$38 million, primarily from Federal Government transfers (e.g., special allowances for children in care).<sup>2</sup> The Ministry's *Annual Report for 2016-17* provides further details and reasons for differences between planned and actual results.<sup>3</sup>

<sup>1</sup> Ministry of Social Services, *Annual Report for 2016-17*, p. 3. [www.finance.gov.sk.ca/PlanningAndReporting/2016-17/2016-17SocialServicesAnnualReport.pdf](http://www.finance.gov.sk.ca/PlanningAndReporting/2016-17/2016-17SocialServicesAnnualReport.pdf) (12 September 2017).

<sup>2</sup> *Ibid.*, p. 20.

<sup>3</sup> [www.finance.gov.sk.ca/PlanningAndReporting/2016-17/2016-17SocialServicesAnnualReport.pdf](http://www.finance.gov.sk.ca/PlanningAndReporting/2016-17/2016-17SocialServicesAnnualReport.pdf) (12 September 2017).

**Figure 1 – Major Programs and Spending**

	Estimates 2016-17 <sup>A</sup>	Actual 2016-17
	(in millions)	
Central Management and Services	\$ 49.3	\$ 46.6
Income Assistance and Disability Services	726.2	765.5
Child and Family Services	242.9	266.7
Client Support	12.2	12.3
Housing	18.8	12.5
<b>Total Appropriation</b>	<u>1,049.4</u>	<u>1,103.6</u>
Capital Asset Acquisitions	(3.5)	(1.1)
Capital Asset Amortization	6.3	5.9
<b>Total Expense</b>	<u>\$ 1,052.2</u>	<u>\$ 1,108.4</u>

Source: Ministry of Social Services, *Annual Report for 2016-17*, p. 18.

<sup>A</sup>During 2016-17, the Ministry received a budget increase through a special warrant of \$55.02 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. We reported the results of our 2016 audit of the Saskatchewan Housing Corporation in our *2017 Report – Volume 1*.

The Ministry 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

**In our opinion, for the year ended March 31, 2017:**

- **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 Disability Housing Supplement Regulations*  
*The Employment Supplement Regulations*  
*The Personal Care Home Benefit Regulations*  
*The Rental Housing Supplement Regulations*

*The Social Services Administration Act*  
*The Social Services Rehabilitation Institutional Collective Benefits Funds and Trust Account Regulations*  
*The Department of Social Services Central 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 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

➤ **The financial statements of each fund are reliable**

We used standards for assurance engagements published in the *CPA Canada Handbook – Assurance* (including CSAE 3001) to conduct our audit. 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., Saskatchewan assistance program, Saskatchewan assured income for disability) as prescribed by the legislation and policy manuals
- User access, change management, and recovery processes for key IT systems
- Monitoring and recording of social impact bonds

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Social Assistance Payments Need to be Supported and Properly Approved

***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

As we have reported since 2001, the Ministry’s employees do not consistently follow the Ministry’s legislation<sup>4</sup> or detailed policies and procedures for making payments to social assistance clients.<sup>5</sup>

<sup>4</sup> *The Saskatchewan Assistance Act* and Regulations. The legislation outlines benefits that may be paid to eligible clients (e.g., reasonable costs for funeral expenses) and the Ministry’s detailed policies and procedures further define the benefits.

<sup>5</sup> A person who seeks social assistance is called a client. In 2016-17, the Ministry paid clients approximately \$433 million.



In 2016-17, for the files we tested, 63% of them (2015-16: 46%) had assistance payments that were not appropriately approved in accordance with policy (i.e., approved by the wrong person, payment not approved at all, or approved when payment not properly supported). For example, we found the following were not appropriately approved:

- 69% of files (2015-16: 21%) with home repairs. For example, in one instance, the Ministry reimbursed the client for home repairs without the required estimates for the work on file.
- 53% of files (2015-16: 40%) with allowances. For example, in one instance, a client received two different food allowances when only one should have been received.
- 43% of files (2015-16: 46%) with funeral expenses. For example, in one instance, the Ministry paid one client for three round trips in relation to a funeral without approval or adequate support.

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

## 4.2 Further Improvements in Supervision of Community-Based Organization Needed

***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 did not receive the required reports from community-based organizations (CBOs) as expected. The Ministry also did not complete timely reviews of the annual financial analysis reports.

The Ministry requires CBOs, through its service agreements, to submit operational reports (e.g., program evaluation reports) that describe services and activities, and annual financial reports within 90 days of year-end.<sup>6</sup> CBOs are also required to submit quarterly financial reports within 30 days of period-end. At March 2017, the Ministry had service agreements with approximately 200 CBOs.

We found that delays in receiving reports from CBOs caused delays in the Ministry's review. Some CBOs continued to submit the reports later than the deadlines set out in the agreements. For example, for the files we tested, CBOs submitted late 18% of quarterly reports, 40% of the audited annual financial statements, and 37% of the operational reports (2015-16: 20%, 13%, and 23% respectively). The Ministry uses CBOs' annual financial statements to prepare an annual financial analysis report for each CBO.

The Ministry aims to review the annual financial analysis reports by October 31 each year. In 2016-17, for the files we tested, the Ministry did not review 93% (2015-16: 63%) of the

<sup>6</sup> The year-end can be either March 31 or December 31.

reports by October 31 as expected (i.e., reviewed between 20 days to 173 days after the October 31 deadline).

In March 2017, the Ministry revised the reporting deadlines for the CBOs' audited annual financial statements from 90 days to 120 days (the deadline for quarterly reporting remained at 90 days). Management indicated that this change would make the Ministry's policies consistent with the reporting requirements of other government organizations. It also revised the review deadlines for the annual financial analysis reports from October 31 to November 30.

Not receiving and reviewing reports from CBOs when expected increases the risk that the Ministry cannot identify issues and take timely corrective action (e.g., adjust future funding) as needed.

### 4.3 Removal of User Access Timely

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***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 1; Public Accounts

Committee agreement March 14, 2017)

**Status** – Implemented

The Ministry is removing unneeded user access to its computer systems and data promptly.

In 2016-17, based on our testing, the Ministry significantly improved the time to request removal of network access. We found for the individuals tested, the Ministry requested the removal on or before the day of termination and up to seven days after the last day of employ. Previously, we found it took the Ministry up to 85 days to request removal of network access for some individuals.

