

Chapter 12

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, 2021. Each fund complied with authorities governing their activities and their 2020–21 financial statements are reliable.

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

- Obtain appropriate support for and properly approve income assistance payments to ensure eligible clients receive the correct amount of assistance.
- Conduct timely recovery and adequate recording of overpayments for the Saskatchewan Income Support Program (SIS).
- Perform timely reviews of financial reports from third-party service providers to determine whether providers appropriately used Ministry funding. During 2020–21, the Ministry paid these service providers almost \$390 million for services delivered to at-risk residents of Saskatchewan (e.g., elderly, persons with disabilities).

Not following timely review processes for income assistance programs and third-party service providers' reports delay potential benefit and funding recovery.

2.0 INTRODUCTION

2.1 Background

The mandate of the Ministry of Social Services is to help children be safe from abuse and neglect, and help individuals to meet their basic needs and participate in their community.¹ The Ministry provides support through income assistance, child and family services, affordable housing, and supports for people with disabilities. The Ministry also builds capacity in community-based organizations.² Key programs and services include childcare subsidies, adoption services, child protection, foster care, financial assistance, and housing programs.³

2.2 Financial Overview

In 2020–21, the Ministry of Social Services spent more than \$1.2 billion delivering its programs (see **Figure 1**). Appropriations (money from the General Revenue Fund) fund the Ministry. It also reported revenues totalling about \$53 million primarily from Federal Government transfers (e.g., special allowances for children in care).⁴

¹ Ministry of Social Services, *Annual Report for 2020–21*, p. 4.

² Ibid.

³ Ibid.

⁴ Ministry of Social Services, *Annual Report for 2020–21*, p. 25.



Figure 1—Expenses by Program

	Estimates 2020–21	Actual 2020–21
	(in millions)	
Central Management and Services	\$ 56.3	\$ 71.6
Income Assistance Services	609.5	560.2
Child and Family Services	332.8	333.5
Client Support	12.7	11.9
Housing	11.5	7.7
Disability Programs and Services	<u>264.9</u>	<u>266.1</u>
Total Appropriation	\$ 1,287.7	\$ 1,251.0
Capital Asset Acquisitions	(9.3)	(9.7)
Capital Asset Amortization	<u>7.2</u>	<u>7.0</u>
Total Expense	\$ 1,285.6	\$ 1,248.3

Source: Ministry of Social Services, *Annual Report for 2020–21*, p. 23.

2.3 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 2020 audit of the Saskatchewan Housing Corporation in our *2021 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, 2021, we found, in all material respects:

- **The Ministry of Social Services had effective rules and procedures to safeguard public resources except for matters described in this chapter**
- **The Ministry of Social Services and each of its funds complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except for the matters 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 Saskatchewan Income Support Regulations
The Disability Housing Supplement Regulations
The Employment Supplement Regulations
The Personal Care Home Benefit Regulations
The Rental Housing Supplement Regulations

The Department of Social Services Central Trust Account Regulations
The Social Services Rehabilitation Institutional Collective Benefit 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 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
The Purchasing Act, 2004
 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 and 3531) to conduct our audit. We used the control framework included in COSO's *Internal Control—Integrated Framework* 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 Ministry audit on the following areas:

- Administration of the various programs (e.g., Saskatchewan Income Support Program, Saskatchewan Assistance Program, Saskatchewan Assured Income for Disability, Autism Individualized Funding) as prescribed by the legislation and policy manuals
- User IT access, change management, and recovery processes for key financial IT systems (e.g., MiCase/Business Central for the Saskatchewan Income Support Program, MIDAS Financials)
- Process for identifying, approving, and properly recording all contractual payments and obligations

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Timely Bank Reconciliations Completed

We recommended the Ministry of Social Services require staff to reconcile and review each of its key bank accounts monthly. (2020 Report – Volume 2, p. 96, Recommendation 3; Public Accounts Committee has not yet considered this recommendation as of October 29, 2021)

Status—Implemented

The Ministry of Social Services reconciled and reviewed its key bank accounts within a reasonable timeframe.

The Ministry uses the Government's Financial Administration Manual (FAM) as guidance for accounting policies and procedures. FAM requires agencies to reconcile their accounting records to their bank records at least monthly.



We found the Ministry:

- Prepared and reviewed its Social Assistance Program's monthly reconciliations for the Program's allowance bank account within a reasonable timeframe (e.g., 30 days after month end)
- Reconciled its Saskatchewan Income Support Program (SIS) bank account on a monthly basis and reviewed it within a reasonable timeframe
- Prepared and reviewed its District Transfer revenue monthly reconciliations within a reasonable timeframe⁵

Regularly reconciling key bank accounts decreases the risk of errors, inaccurate financial records, and loss of public money.

4.2 Income Assistance Payments Require Supporting Documentation and Proper Approval

We recommended 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, p. 221, Recommendation 2; Public Accounts Committee agreement June 6, 2001)

Status—Partially Implemented

The Ministry of Social Services continued to not follow legislation or policies and procedures for making payments to income assistance clients resulting in incorrect payments during the year. The Ministry may also have provided social assistance to ineligible clients as they were receiving income support due to COVID-19 from the Canada Revenue Agency.

The Ministry's process to accept clients into its income support programs requires proof of eligibility and demonstrated need. Clients provide proof (e.g., identification, recent utility bills, rent receipt, wage stubs, a bank statement), as support for their income assistance claim. The Ministry uses this information to confirm eligibility, as well as the amount of income support before granting payment approval. However, the Ministry may provide financial support before it receives all documentation required for proof of eligibility and demonstrated need (e.g., in emergency situations).

If the Ministry later determines it paid more income support than a clients' situation warranted (referred to as an overpayment), it collects overpayments as deductions (e.g., \$50 monthly) from future monthly benefits.

Additionally, if a client leaves an income assistance program before the Ministry collects the overpayment, the Ministry then requests full repayment or to establish a repayment plan. If a client does not enter into a repayment plan, the Ministry works with the Canada Revenue Agency to collect overpayments (e.g., collecting tax refunds from those clients). However, if a client with an outstanding overpayment who left an income assistance

⁵ District Transfer bank accounts are set up to allow staff in remote areas to use local banks to secure deposits until they can be transferred to the General Revenue Fund.

program again applies for, and is accepted into, an income assistance program at a later date, the Ministry will then reduce future monthly benefits. *The Saskatchewan Assistance Act* prevents the Ministry from sending amounts to collection agencies or pursuing them through the courts.

Figure 2 lists the Ministry's accounts receivable (overpayments owing back to the Ministry) and the related allowance for doubtful accounts at March 31, 2021 for its four main income assistance programs. Over the last nine years, the Ministry paid at least \$56.9 million to clients who were not eligible to receive such payments (see **Figure 2**) because the Ministry provided financial support before it received all required proof of eligibility and need. At March 31, 2021, the Ministry determined it is unlikely to collect \$24.3 of the \$56.9 million because the Ministry has limited ability to collect on overpayments once clients leave income assistance programs.

The Ministry tracks and attempts to collect overpayments from clients through future monthly benefits. Over the past four years, the Ministry collected about \$2.9 million per year.

Figure 2—Accounts Receivable for Income Assistance Programs with March 31 year-ends

Program	Accounts Receivable (in millions)		Allowance for doubtful accounts ^A (in millions)	
	2021	2020	2021	2020
Saskatchewan Assistance Program, Saskatchewan Assured Income for Disability, and Transitional Employment Allowance (Active clients and clients who have been inactive for less than nine years)	\$ 54.7	\$ 48.6	\$ 23.0	\$ 18.0
Saskatchewan Income Support Program	\$ 2.2	\$ 0	\$ 1.3	\$ 0
Total	\$ 56.9	\$ 48.6	\$ 24.3	\$ 18.0

Source: Adapted from information provided by the Ministry of Social Services.

^A Allowance for doubtful accounts is management's best estimate of the amount of accounts receivable that will not be paid by clients.

Figure 3 lists the Ministry's six major income assistance programs and associated caseloads (i.e., number of clients). In 2020–21, the Ministry averaged 59,000 clients on income assistance, and provided \$560.2 million in income assistance payments. The Ministry processes over 600,000 client and program payments each year for its income assistance programs.

Figure 3—Caseloads and Spending for Income Assistance Programs

Program	2020–21		2019–20	
	Monthly Average Caseload	Expense (in millions) ^B	Monthly Average Caseload	Expense (in millions) ^B
Saskatchewan Assistance Program	8,480	\$ 106.3	13,506	\$ 155.6
Saskatchewan Assured Income for Disability	16,581	246.2	16,127	243.5
Transitional Employment Allowance	2,685	23.7	6,089	50.3
Rental Housing Supplements	8,307	26.5	10,191	33.7



Program	2020–21		2019–20	
	Monthly Average Caseload	Expense (in millions) ^B	Monthly Average Caseload	Expense (in millions) ^B
Saskatchewan Income Support Program	8,036	83.7	7,402	32.8
Seniors Income Plan	14,737	28.7	14,308	27.6
Other ^A	Not Available	45.1	Not Available	57.9
Total	58,826	\$ 560.2	67,623	\$ 601.4

Source: Adapted from information provided by the Ministry of Social Services

^A Other includes Saskatchewan Employment Supplement, Child Care Parent Subsidies, Seniors Personal Care Home Benefit, Income Assistance Community Services, and Income Assistance Program Delivery expenses.

^B Ministry of Social Services, *Annual Report for 2020–21*, p. 23.

The Ministry expects staff to review and approve documentation for income assistance payments to ensure eligible clients not only receive assistance, but also get the correct amount of income assistance. Legislation outlines income assistance benefits the Ministry may pay to eligible clients under different income support programs (e.g., reasonable costs for funeral expenses).⁶ Detailed Ministry policies and procedures further define the benefits.

Ineligible Clients Potentially Paid in 2020–21 Due to COVID-19 Support Programs

As discussed in **Section 4.5**, the Ministry was unable to verify reported income for Saskatchewan Income Support Program clients with the Canada Revenue Agency for 2020–21. The Ministry was also unable to obtain and verify income for the Saskatchewan Assistance Program, Saskatchewan Assurance Income for Disability Program, and the Transitional Employment Allowance Program. The Ministry and Canada Revenue Agency are working to share this information.

The Ministry may discover clients in the future who inappropriately received income assistance in 2020–21 because the client received income support from the Ministry while also receiving income support through the Federal Government's COVID-19 support programs (e.g., Canada Emergency Response Benefit) for the same period.

Incorrect Payments Continued as Legislation and/or Policies and Procedures Not Followed

Thirty-four of 70 (49%) files we tested had income assistance payments inappropriately approved under Ministry policy and/or legislation (e.g., approved when payment not properly supported, or payment made at incorrect rates).

Our testing identified files with inappropriate supporting documentation or where clients received benefits using incorrect rates, and therefore the Ministry should have recorded an amount due from the client:

- Nineteen files tested where allowances lacked support. For example, in one file, a client received a food-supplements allowance without providing appropriate documentation (e.g., a medical report as required per policy).

⁶ *The Saskatchewan Assistance Act and Regulations.*

- In another file tested, a client received shelter benefits inconsistent with the amount set out in the policy.
- Five files with funeral expenses had incorrect rates. For example, in one instance, a client received more funding than allowed by policy.

Not complying with legislation, and Ministry policies and procedures, increases the risk of paying clients incorrect income assistance amounts.

4.3 Inconsistent Recording and Untimely Recovery of SIS Overpayments

We recommended the Ministry of Social Services record and recover overpayments related to its Saskatchewan Income Support program in a timely manner. (2020 Report – Volume 2, p. 95, Recommendation 2; Public Accounts Committee has not yet considered this recommendation as of October 29, 2021)

Status—Partially Implemented

The Ministry inconsistently recorded, and did not adequately recover, Saskatchewan Income Support Program (SIS) overpayments during 2020–21.

An overpayment occurs when the Ministry pays a SIS client before receiving all information necessary to confirm a client's eligibility for benefits, or where it makes an error in determining a benefit amount. The Ministry expects overpayments to be recovered in the month following payment. The Ministry can also pay clients' housing security deposits as a benefit with the understanding that clients will repay these benefits beginning the following month of receiving payment.^{7,8}

Starting in February 2020, the Ministry's IT system administering the SIS program benefits allows staff to establish automatic payment recovery (beginning the following month) and record the related amount due (i.e., accounts receivable) for overpayments from future SIS benefits.

We found that staff were not always setting up an automatic recovery for known overpayments. In 30% (i.e., three of 10) of SIS client files we tested, the Ministry had overpayments that staff did not set up the collection through the automatic payment recovery from future benefits.

In addition, we found in 10% (i.e., one of 10) of SIS client files we tested, the Ministry did not follow its policy and record the outstanding amount related to a recoverable security deposit.

Unrecovered overpayment amounts at year-end are expected to be recorded as accounts receivable (amounts owing back to the Ministry). As of March 31, 2021, the Ministry paid \$83.7 million of SIS payments (see **Figure 3**) and recorded \$2.2 million accounts receivable related to SIS overpayments.

⁷ The Ministry considers security deposits to be recoverable payments. We include these with overpayments in this section.

⁸ The Ministry's policies allow SIS clients to request and receive security deposit payments, which are paid back to the Ministry at a rate of \$50 per month. Similarly, the Ministry's policies require it to recover any benefits overpaid to a SIS client at a rate of \$50 per month.



Not recording amounts due and initiating automatic payment recovery delays timely overpayment recovery.

4.4 Timely Analysis of Service Provider Financial Information Needed

We recommended the Ministry of Social Services perform timely reviews on all the performance information submitted by the community-based organizations. (2007 Report – Volume 3, p. 75, Recommendation 4; Public Accounts Committee agreement January 8, 2008)

Status—Partially Implemented

The Ministry of Social Services does not always review the results of third-party service providers' (i.e., community-based organizations) annual financial analysis within reasonable timeframes.⁹

At March 31, 2021, the Ministry had service agreements with 206 third-party service providers. During 2020–21, the Ministry paid these service providers approximately \$390 million (2019–20: \$350 million).¹⁰ The Ministry paid more than half of its community-based funding to 30 service providers.¹¹

Through its service agreements, the Ministry requires third-party service providers to submit various reports (e.g., operational, financial) within specified timeframes. Management sets a target to receive and review 90% of the annual reports submitted within the specified deadlines (or inversely, 10% of the reports may be late).

The Ministry aims to receive and complete its review of the community-based organization's annual financial analysis reports by November 30 each year. The Ministry reviews reports to determine whether the community-based organizations appropriately used the funding it provided.

When the Ministry determines service providers did not fully use the funding provided or did not use funds appropriately, the Ministry then determines whether it will recover the amount not spent or inappropriately spent from the service provider. Conversely, it may allow the service provider to keep the money for future use with an understanding the service provider will use the funding consistent with Ministry requirements.

For the 29 annual financial analysis reports we tested, the Ministry did not review six of the 11 late reports by March 2021 and were more than 100 days later than the required deadline (November 30). Four of the 11 financial analysis reports not reviewed in a timely way were submitted by community-based organizations that received the highest amount of Ministry funding.

⁹ The Ministry uses service providers to offer services to at-risk Saskatchewan residents who experience social, psychological, behavioural and cognitive difficulties. Community-based organizations also deliver programs for persons with developmental disabilities, and the elderly.

¹⁰ Provided by information from Ministry of Social Services management.

¹¹ Ibid.

For the 18 annual financial analysis reports we tested where the Ministry completed a review, it recovered \$374,000 because the service providers did not use the funding in 2019–20.

Not reviewing the annual financial analysis reports of third-party service providers in a timely manner increases the risk that the Ministry may be unable to identify issues and take prompt corrective action (e.g., adjust future funding).

4.5 Income Verification Needed for SIS Clients

We recommended the Ministry of Social Services verify client income information for its Saskatchewan Income Support Program. (2020 Report – Volume 2, p. 94, Recommendation 1; Public Accounts Committee has not yet considered this recommendation as of October 29, 2021)

Status—Not Implemented

The Ministry of Social Services does not verify the accuracy of Saskatchewan Income Support (SIS) program clients' income information.

The Ministry averaged 8,000 clients on SIS each month, and as shown in **Figure 3**, it spent \$83.7 million on SIS program payments in 2020–21.

The Ministry requires SIS clients to report their income and provide supporting documentation. Unlike its other major income assistance programs, the Ministry has not set up a process to confirm proof of income for SIS clients. Therefore, the Ministry has neither independently verified clients' reported incomes nor verified their need for income assistance.

The Ministry's other significant income assistance programs electronically screen clients against information provided by third-parties to identify clients who receive income from other sources (e.g., Employment Insurance, student loans, Workers' Compensation). Receipt of other income can either reduce benefit amounts clients can claim under the Ministry's SIS program or impact their overall eligibility for income assistance.

The March 2020 introduction of federal income-support programs related to the COVID-19 pandemic could provide a significant income source for some of Saskatchewan's income assistance clients. The Ministry was unable to obtain confirmation from the Federal Government on payments made under various federal income-support programs (e.g., Canadian Emergency Response Benefit). The lack of confirmation further impedes the Ministry's ability to independently verify reported income of each income assistance client.

The Federal Government indicated it will provide income tax data to the Ministry by March 2023; however, this delay will likely diminish the Ministry's overpayment collection as clients gradually leave income assistance programs.

Use of third-party verifications check the accuracy of key information (e.g., client income) submitted by clients. Not obtaining and checking third-party information for client income verification increases the risk of providing income assistance through SIS to ineligible clients, or the Ministry paying incorrect SIS benefits.

