

Chapter 6 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, 2022. Each fund complied with authorities governing their activities and their 2021–22 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 improve its processes to administer the Saskatchewan Income Support (SIS) Program by:

- Reinforcing with staff the legislative and policy requirements for paying correct shelter benefits
- Verifying the accuracy of clients' income information with third-party sources (e.g., Federal Government)
- Adequately recording overpayments and recovering them in a timely manner

The Saskatchewan Income Support (SIS) Program provided support of \$154 million to clients in 2021–22. Not complying with legislative and policy requirements, or not regularly verifying SIS client income with third-party sources, increases the risk of the Ministry paying clients incorrect income assistance amounts. This can result in the Ministry overpaying clients and having difficulty collecting overpayments if clients leave SIS.

During 2021–22, the Ministry paid third-party service providers (i.e., community-based organizations) over \$390 million for services delivered to at-risk residents of Saskatchewan (e.g., elderly, persons with disabilities). We found the Ministry reviewed the results of service providers' annual financial analysis reports within reasonable timeframes.

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.² Key programs and services include childcare subsidies, adoption services, child protection, foster care, financial assistance, and housing programs.³ The Ministry also builds capacity in community-based organizations.

¹ Ministry of Social Services, *Annual Report for 2021–22*, p. 4.

² Ibid.

³ Ibid.



2.2 Financial Overview

In 2021–22, 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 \$50 million primarily from Federal Government transfers (e.g., special allowances for children in care).⁴

Figure 1—Expenses by Program

	Estimates 2021–22	Actual 2021–22
	(in millions)	
Central Management and Services	\$ 55.9	\$ 56.2
Income Assistance Services	618.8	545.9
Child and Family Services	353.8	354.2
Client Support	12.9	12.9
Housing	12.7	16.0
Disability Programs and Services	<u>283.2</u>	<u>272.2</u>
Total Appropriation	\$ 1,337.3	\$ 1,257.4
Capital Asset Acquisitions	(5.2)	(6.6)
Capital Asset Amortization	8.0	7.7
Total Expense	<u>\$ 1,340.1</u>	<u>\$ 1,258.5</u>

Source: Ministry of Social Services, *Annual Report for 2021–22*, pp. 22–23.

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 2021 audit of the Saskatchewan Housing Corporation in our *2022 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, 2022, we found, in all material respects:

- **The Ministry of Social Services had effective rules and procedures to safeguard public resources except for the matters described in this chapter**

⁴ Ministry of Social Services, *Annual Report for 2021–22*, p. 24.

- **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 matter described in this chapter:**

<i>The Child and Family Services Act</i>	<i>The Disability Housing Supplement Regulations</i>
<i>The Child Care Act, 2014</i>	<i>The Employment Supplement Regulations</i>
<i>The Child Care Regulations, 2015</i>	<i>The Personal Care Home Benefit Regulations</i>
<i>The Social Services Administration Act</i>	<i>The Rental Housing Supplement Regulations</i>
<i>The Department of Social Services Central Trust Account Regulations</i>	<i>The Saskatchewan Assistance Regulations, 2014</i>
<i>The Social Services Rehabilitation Institutional Collective Benefit and Trust Account Regulations</i>	<i>The Saskatchewan Assured Income for Disability Regulations, 2012</i>
<i>The Rehabilitation Act</i>	<i>The Transitional Employment Allowance Regulations, 2005</i>
<i>The Rehabilitation Regulations</i>	<i>The Saskatchewan Income Plan Act</i>
<i>The Vocational Rehabilitation Regulations</i>	<i>The Seniors Income Plan Regulations</i>
<i>The Residential Services Act</i>	<i>The Executive Government Administration Act</i>
<i>The Private-Service Homes Regulations</i>	<i>The Ministry of Social Services Regulations, 2007</i>
<i>The Residential-Service Facilities Regulations</i>	<i>The Financial Administration Act, 1993</i>
<i>The Saskatchewan Assistance Act</i>	<i>The Purchasing Act, 2004</i>
<i>The Saskatchewan Income Support Regulations</i>	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 audits. 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 audit on the following areas:

- Administration of the various programs (e.g., Saskatchewan Income Support [SIS], Saskatchewan Assured Income for Disability [SAID], Autism Individualized Funding) as prescribed by the legislation and policy manuals
- Processes to verify client income information for its income assistance programs
- Process for identifying, approving, and properly recording all contractual payments and obligations

4.0 KEY FINDINGS AND RECOMMENDATIONS

4.1 Incorrect SAID Payments Still Occurring But Not Significant

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—Intent of Recommendation Implemented



Since 2001, we found Ministry employees inconsistently following legislation or policies and procedures for making payments to social assistance clients. In 2021, the Ministry closed two of its income support programs (Saskatchewan Assistance and Transitional Employee Allowance) because it created the new Saskatchewan Income Support (SIS) Program in 2019. In 2021–22, the Ministry of Social Services continued to not follow legislation or policies and procedures for making payments to Saskatchewan Assured Income for Disability (SAID) program clients resulting in incorrect payments during the year.⁵ However, our analysis found the overall estimated errors in SAID payments were not significant for 2021–22; we will continue to examine SAID payments on an annual basis to determine significance.

The Ministry processes over 600,000 client and program payments each year for all of its income assistance programs.

Figure 2 lists the Ministry's six major income assistance programs and associated caseloads (i.e., number of clients). As **Figure 2** indicates, the most significant expenses in 2021–22 related to the Saskatchewan Assured Income for Disability (SAID) Program at almost \$274 million, and Saskatchewan Income Support (SIS) Program at \$154 million. We highlight incorrect support payments under SIS in **Section 4.2**. This section outlines payments concerns for SAID.

Figure 2—Caseloads and Spending for Income Assistance Programs

Program	2021–22		2020–21	
	Monthly Average Caseload	Expense (in millions) ^B	Monthly Average Caseload	Expense (in millions) ^B
Saskatchewan Assured Income for Disability	17,632	\$ 273.7	16,581	\$ 246.2
Saskatchewan Income Support	12,906	154.2	8,036	83.7
Seniors Income Plan	13,985	28.5	14,737	28.7
Rental Housing Supplements	7,050	20.7	8,307	26.5
Saskatchewan Assistance ^C	4,775	18.3	8,480	106.3
Transitional Employment Allowance ^C	1,194	3.6	2,685	23.7
Other ^A	N/A	46.9	N/A	45.1
Total	57,542	\$ 545.9	58,826	\$ 560.2

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 2021–22*, p. 22.

^C On August 30, 2021, the Ministry closed its Saskatchewan Assistance Program (SAP) and Transitional Employment Allowance (TEA) Program. The Ministry required any clients remaining on these programs to apply for support from the Saskatchewan Income Support (SIS) Program, or their benefits would end.

The Ministry's process to accept clients into its SAID Program 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

⁵ In addition to payments for the Saskatchewan Assured Income for Disability (SAID) Program, Recommendation 2 from our 2000 Report – Volume 3 also previously included results from our testing of the Ministry's income support payments for the Saskatchewan Assistance Program (SAP) and Transitional Employment Allowance (TEA) Program. The Ministry closed its SAP and TEA programs on August 31, 2021.

Ministry uses this information to confirm eligibility, as well as the amount of income support before granting payment approval.

There are instances where the Ministry may provide financial support before it receives all documentation required for proof of eligibility and demonstrated need (e.g., in emergency situations).

The Ministry expects staff to review and approve documentation for SAID payments to ensure eligible clients not only receive assistance, but also receive the correct amount. Legislation outlines income assistance benefits the Ministry may pay to eligible clients under the SAID Program (e.g., travel costs for clients with a disability when transportation is required for employment, education, and/or medical purposes).⁶ Detailed Ministry policies and procedures further define the benefits.

In 2021–22, we tested 100 SAID payments and found Ministry staff approved 15 payments inconsistent with Ministry policy and/or legislation (e.g., approved when payment not properly supported, or payment made at incorrect rates) resulting in the Ministry either providing clients with too much support, or not enough. We notified the Ministry of the errors identified and it made necessary adjustments to the respective client files (e.g., recorded an overpayment).

We used our audit results to estimate the overall impact for the Ministry's almost \$274 million of SAID payments during 2021–22. Our analysis found the overall estimated errors in SAID payments was not significant to the Ministry (i.e., just over 1% of the Ministry's SAID payments).⁷

Not complying with legislation, and Ministry policies and procedures, increases the risk of paying clients incorrect income assistance amounts. The Ministry continues to reinforce with staff the importance of paying social assistance clients at the correct rates.

4.2 Not Always Complying with Requirements for SIS Shelter Benefits

The Ministry of Social Services does not consistently comply with legislative and policy requirements associated with paying shelter benefits to clients under the Saskatchewan Income Support (SIS) Program.⁸ We found two instances where shelter benefits were paid at incorrect rates and four instances where there was no support for benefits paid.

Shelter benefits represented about two-thirds of the Ministry's SIS payments in 2021–22—about \$103 million out of \$154 million.⁹

Section 13 of the Ministry's SIS policy manual sets out the legislative and policy requirements for shelter benefits under the program. The Ministry provides clients with shelter benefits to cover the cost of shelter-related items such as rent, mortgage, utilities,

⁶ *The Saskatchewan Assured Income for Disability Regulations, 2012.*

⁷ Assessing significance considers qualitative and quantitative factors (e.g., deviation rates, total payment amounts).

⁸ *The Saskatchewan Income Support Regulations* outline income assistance benefits the Ministry may pay to eligible clients under the SIS Program.

⁹ Adapted from information provided by Ministry of Social Services.



property taxes, homeowners insurance, home repairs, and security deposits.¹⁰ **Figure 3** sets out the program’s monthly shelter benefit rates for 2021–22.

Figure 3—2021–22 Monthly Shelter Benefit Rates for the Saskatchewan Income Support (SIS) Program

Location	Singles	Couples	Families (1 or 2 children)	Families (3 or more children)
Saskatoon or Regina	\$575	\$750	\$975	\$1,150
Rest of the province	\$525	\$650	\$750	\$850

Source: *Saskatchewan Income Support Program Policy Manual—November 2021*, p. 33.

^A In September 2022, the Ministry increased the monthly shelter benefits by \$25 per month in Saskatoon and Regina, and by \$15 per month in the rest of the province.

To be eligible for the monthly shelter benefit, clients must submit relevant documentation (e.g., proof of rent or ownership) and resubmit documentation upon a change in circumstances (e.g., upon expiry of a lease, change in residence). The Ministry expects staff to follow up with clients to obtain all necessary documentation or suspend client benefits.

We tested 24 payments that included shelter benefits under SIS and found:

- Two instances (8%) where the Ministry did not pay clients in accordance with the rates set out in **Figure 3**. For example, we found one client caring for three children who received the shelter benefit for a single individual (\$525) rather than the family benefit (\$850). Ministry staff rectified the error once we notified them of it.
- Four instances (17%) where clients did not provide appropriate documentation supporting their shelter benefits (e.g., current tenancy agreement, rent receipts). Not obtaining appropriate support increases the risk of paying clients incorrect shelter benefits.

Not complying with legislative and policy requirements increases the risk of the Ministry paying clients incorrect income assistance amounts. Providing staff with additional training or guidance about the shelter benefits available within the SIS Program should help enhance staff understanding of and compliance with the various requirements.

1. **We recommend the Ministry of Social Services reinforce with staff the requirements for paying shelter benefits under the Saskatchewan Income Support Program.**

4.3 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 agreement March 2, 2022)

Status—Not Implemented

¹⁰ *Saskatchewan Income Support Program Policy Manual—November 2021*, p. 33.

The Ministry of Social Services does not yet verify the accuracy of Saskatchewan Income Support (SIS) Program clients' income information with third-party sources (e.g., Federal Government).

The Ministry averaged 12,906 clients on SIS each month and, as shown in **Figure 2**, it spent \$154.2 million on SIS payments in 2021–22.

The Ministry requires SIS clients to report their income and provide supporting documentation. Unlike its other major income assistance programs (e.g., Saskatchewan Assured Income for Disability), the Ministry has not set up a process to confirm proof of income for SIS clients with third parties (e.g., the Federal Government). Therefore, the Ministry has neither independently verified clients' reported incomes nor verified their need for income assistance, which increase the risk of providing SIS clients with incorrect income support amounts.

The Ministry's other 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). The Ministry anticipates screening SIS clients against similar information on a case-by-case basis but has yet to establish a timeframe for doing so. Receipt of other income can either reduce benefit amounts clients can claim under SIS or impact their overall eligibility for income assistance.

The March 2020 introduction of federal income-support programs related to the COVID-19 pandemic may have provided a significant income source for some of Saskatchewan's income support 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 Federal Government indicated it will provide income tax data to the Ministry by March 2023; however, this delay will likely diminish the Ministry's ability to collect overpayments as clients often gradually leave income assistance programs.

Regular use of third-party confirmations verify the accuracy of key information (e.g., client income) reported by clients. Not obtaining and checking third-party information to verify client income increases the risk of providing income assistance through SIS to ineligible clients, or the Ministry paying incorrect SIS benefits.

4.4 Inconsistent Recording and 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 agreement March 2, 2022)

Status—Partially Implemented

The Ministry of Social Services continued to inconsistently record, and did not adequately recover, Saskatchewan Income Support (SIS) Program overpayments during 2021–22.



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. At March 31, 2022, the Ministry recorded \$3.8 million accounts receivable related to SIS overpayments. The Ministry expects staff to initiate recovery of overpayments in the month following payment. The Ministry can also pay clients' housing security deposits with the understanding that clients will repay these benefits beginning the following month of receiving payment.^{11,12}

Starting in February 2020, the Ministry's IT system used to administer 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 staff were not always setting up an automatic recovery for known overpayments. In 14% (i.e., two of 14) of SIS client files we tested with known overpayments, Ministry staff did not record the overpayments and set up the collection from future benefits through the automatic payment recovery process.

We also found in 43% (i.e., six of 14) of SIS client files we tested with known overpayments, the Ministry set up, but did not recover, overpayments either at all or for a number of months during the year. A number of these known overpayments related to recoverable security deposits, where the Ministry recorded the overpayment but did not appropriately set up the collection from future benefits through the automatic payment recovery process in the IT system.

Ministry staff updated relevant information in the IT system once we notified them of the errors, and the IT system properly recorded the overpaid amounts (i.e., through an automated process).

Not recording amounts due and not initiating automatic payment recovery delays timely overpayment recovery. In addition, the Ministry will have limited ability to collect on overpayments if clients leave SIS.

4.5 Timely Analysis of Service Provider Financial Information

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—Implemented

¹¹ The Ministry considers security deposits to be recoverable payments. We include these with overpayments in this section.

¹² The Ministry's policies allow SIS clients to request and receive security deposit payments, which they pay 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.

The Ministry of Social Services reviews the results of third-party service providers' (i.e., community-based organizations) annual financial analysis reports within reasonable timeframes.¹³

At March 31, 2022, the Ministry had service agreements with 212 third-party service providers. During 2021–22, the Ministry paid these service providers approximately \$392 million (2020–21: \$390 million).¹⁴ The Ministry paid more than half of its community-based funding to 26 service providers.¹⁵

Through its service agreements, the Ministry requires third-party service providers to submit various reports (e.g., financial) within specified timeframes (e.g., 120 days after year-end). 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 follows up with service providers who do not submit their reports by the specified timeframes through email and phone calls.

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

We tested 30 annual financial analysis reports for community-based organizations and found the Ministry achieved its target of receiving and reviewing 90% of the annual reports tested by November 30.

Reviewing the annual financial analysis reports of third-party service providers in a timely manner allows the Ministry to identify issues and to take prompt corrective action (e.g., adjust future funding).

¹³ The Ministry uses service providers, also referred to as community-based organizations, 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.

¹⁴ Information provided by Ministry of Social Services management.

¹⁵ Ibid.

