

## Chapter 9 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, 2023. Each fund complied with authorities governing their activities and their 2022–23 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 \$216 million to clients in 2022–23. 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 not only the Ministry overpaying clients, but also difficulty in collecting overpayments if clients leave SIS. At March 31, 2023, the Ministry recorded \$7.06 million related to SIS overpayments.

During 2022–23, a flaw in a vendor software update resulted in the Ministry processing about \$14 million in income support benefits to 175 SIS clients in error. By March 31, 2023, the Ministry recovered over 95% of the payments made in error. To mitigate similar errors in the future, we found the Ministry appropriately implemented a new control requiring staff to review payment information related to electronic funds transfers (i.e., reconciling electronic fund details to the SIS IT system) prior to payment.

### 2.0 INTRODUCTION

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

<sup>1</sup> Ministry of Social Services, *Annual Report for 2022–23*, p. 3.

<sup>2</sup> Ibid.



## 2.1 Financial Overview

In 2022–23, the Ministry of Social Services spent more than \$1.36 billion delivering its programs (see **Figure 1**). It also reported revenues totalling about \$48 million primarily from Federal Government transfers (e.g., special allowances for children in care).<sup>3</sup>

**Figure 1—Expenses by Program**

	Estimates 2022–23	Actual 2022–23
	(in millions)	
Central Management and Services	\$ 58.1	\$ 57.0
Income Assistance Services	637.3	598.9
Child and Family Services	363.6	370.4
Client Support	13.0	13.7
Housing	17.6	32.1
Disability Programs and Services	295.9	290.7
<b>Total Appropriation</b>	<b>\$ 1,385.5</b>	<b>\$ 1,362.8</b>
Capital Asset Acquisitions	(7.1)	(5.9)
Capital Asset Amortization	7.4	8.7
<b>Total Expense</b>	<b>\$ 1,385.8</b>	<b>\$ 1,365.6</b>

Source: Ministry of Social Services, *Annual Report for 2022–23*, pp. 21–22.

## 2.2 Crown Agency and Special Purpose Funds

The Ministry of Social Services is responsible for the Saskatchewan Housing Corporation, which has a December 31 year-end. We reported the results of our 2022 audit of the Saskatchewan Housing Corporation in our *2023 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, 2023, 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**

<sup>3</sup> Ministry of Social Services, *Annual Report for 2022–23*, p. 23.

- **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:**

<i>The Child and Family Services Act</i>	<i>The Saskatchewan Assistance Act</i>
<i>The Child Care Act, 2014</i>	<i>The Saskatchewan Income Support Regulations</i>
<i>The Child Care Regulations, 2015</i>	<i>The Disability Housing Supplement Regulations</i>
<i>The Social Services Administration Act</i>	<i>The Employment Supplement Regulations</i>
<i>The Department of Social Services Central Trust Account Regulations</i>	<i>The Personal Care Home Benefit Regulations</i>
<i>The Social Services Rehabilitation Institutional Collective Benefit and Trust Account Regulations</i>	<i>The Rental Housing Supplement Regulations</i>
<i>The Rehabilitation Act</i>	<i>The Saskatchewan Assured Income for Disability Regulations, 2012</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 Training Allowance Regulations</i>
<i>The Private-Service Homes Regulations</i>	<i>The Executive Government Administration Act</i>
<i>The Residential-Service Facilities Regulations</i>	<i>The Ministry of Social Services Regulations, 2007</i>
<i>The Residential Services Regulations</i>	<i>The Financial Administration Act, 1993</i>
	<i>The Purchasing Act, 2004</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 Ministry 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
- Processes for identifying, approving, and properly recording all contractual payments and obligations
- Addressing the SIS payment error that occurred in October 2022

## 4.0 KEY FINDINGS AND RECOMMENDATIONS

### 4.1 Not Always Complying with Requirements for SIS Shelter Benefits

***We recommended the Ministry of Social Services reinforce with staff the requirements for paying shelter benefits under the Saskatchewan Income Support Program.*** (2022 Report – Volume 2, p. 44, Recommendation 1; Public Accounts Committee agreement February 27, 2023)

**Status**—Partially Implemented



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.<sup>4</sup> We found three instances (2022: two instances) where it paid shelter benefits at incorrect rates.

Section 13 of the Ministry’s SIS policy manual sets out the legislative and policy requirements for shelter benefits under SIS. The Ministry provides clients with shelter benefits to cover the cost of shelter-related items such as rent, mortgage, utilities, property taxes, homeowners’ insurance, home repairs, and security deposits.<sup>5</sup> **Figure 2** sets out the Program’s monthly shelter benefit rates for 2022–23.

**Figure 2—2022–23 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	\$600	\$775	\$1,000	\$1,175
Rest of the province	\$540	\$665	\$765	\$865

Source: *Saskatchewan Income Support Program Policy Manual—February 2023*, p. 43.

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., lease expiry, change in residence). The Ministry expects staff to follow up with clients to obtain all necessary documentation, or suspend client benefits.

Shelter benefits represented about two-thirds of the Ministry’s SIS payments in 2022–23—about \$140 million out of \$216 million.<sup>6</sup>

We tested 54 payments that included shelter benefits under SIS and found:

- One instance where the Ministry did not pay a client in accordance with the rates set out in **Figure 2**. The client cared for two children but received the shelter benefit for a single individual (\$600) rather than the family benefit (\$1,000). Ministry staff rectified the error once identified.
- Two instances where clients did not provide appropriate documentation supporting their shelter benefits (e.g., current tenancy agreement, rent receipts), resulting in overpayments of over \$7,000 in shelter benefits. Ministry staff began collecting overpayments from these clients once identified. Not obtaining appropriate support increases the risk of paying clients incorrect shelter benefits.

The Ministry provides staff with ongoing training about the SIS program. It is working to further improve communication with staff regarding required documentation from clients to support shelter benefits, including the development of visual aids reminding staff of shelter benefit requirements. The Ministry expects to provide staff with training about SIS shelter benefits in November 2023.

<sup>4</sup> *The Saskatchewan Income Support Regulations* outline income assistance benefits the Ministry may pay to eligible clients under the SIS Program.

<sup>5</sup> *Saskatchewan Income Support Program Policy Manual—February 2023*, p. 43.

<sup>6</sup> Adapted from information provided by the Ministry of Social Services.

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.

## 4.2 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

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).

In 2022–23, the Ministry averaged 17,316 clients on SIS each month, spending an annual total of \$216.4 million.

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 increases the risk of providing SIS clients with incorrect income support amounts.

Some of 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 indicated it began screening SIS clients against similar information on a case-by-case basis in September 2023. Receipt of other income can either reduce benefit amounts clients can claim under SIS or impact their overall eligibility for income assistance.

The Ministry received access to income tax data from the Federal Government in fall 2023 and expects to begin reviewing this data during 2023–24.

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

## 4.3 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 inadequately recover, Saskatchewan Income Support (SIS) Program overpayments during 2022–23.

An overpayment occurs when the Ministry pays a SIS client before receiving all information necessary to confirm a client's eligibility for benefits, where it makes an error in determining a benefit amount, or when a client potentially provides inaccurate information to the Ministry. At March 31, 2023, the Ministry had \$7.06 million accounts receivable (March 31, 2022: \$3.8 million) recorded related to SIS overpayments.

The Ministry expects staff to initiate recovery of overpayments in the month following payment. Additionally, the Ministry can pay clients' housing security deposits (i.e., deemed an overpayment) with the understanding that clients will repay these benefits beginning the following month of receiving payment.<sup>7,8</sup>

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. 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.

For 10 SIS client files we tested with known overpayments:

- Ministry staff did not record the overpayments for eight files and did not set up the collection from future benefits through the automatic payment recovery process
- Ministry staff set up the overpayment for two files, but did not do so timely (i.e., collection started between 7–10 months after the overpayment occurred)

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.

## 4.4 Appropriate Measures Taken to Address SIS Payment Error

In October 2022, the Ministry of Social Services experienced a technical issue with the IT system it uses to administer the Saskatchewan Income Support (SIS) Program. A flaw in a vendor software update resulted in the Ministry processing about \$14 million in income support benefits to 175 SIS clients in error.

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

<sup>8</sup> 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.

By March 31, 2023, the Ministry worked with various financial institutions to recover over 95% of the payments made in error and it continued to take steps to recover the remaining amounts.

In response to the payment error, we found the Ministry implemented an additional control to mitigate similar errors in the future. Since October 2022, Ministry staff review payment information related to electronic funds transfers (i.e., reconciling electronic fund details to the SIS IT system) prior to payment. For a sample of 10 days, we found the Ministry reconciled the payment details to the IT system before sending them to their financial institution for processing.

Having this control will mitigate the likelihood of similar SIS payment errors happening again.

