



*Office of the Auditor General / Bureau du vérificateur général*

**FOLLOW-UP TO THE 2008 AUDIT OF  
THE CHILDREN'S SERVICES DIVISION**

**2010**

**SUIVI DE LA VÉRIFICATION DE LA DIVISION  
DES SERVICES À L'ENFANCE DE 2008**



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## EXECUTIVE SUMMARY

### *Introduction*

The Follow-up to the 2008 Audit of the Children's Services Division (CSD) was included in the Auditor General's Audit Plan.

The key findings of the original 2008 audit included:

- The City of Ottawa is the only Ontario municipality that allocates fee subsidies to child care agencies rather than directly to clients, resulting in an under-utilization of fee subsidies and an overly complex budgetary process.
- Since the City allocates fee subsidies to agencies rather than the client, those most in need are not necessarily receiving subsidies.
- The City should explore the elimination of the allocation of fee subsidies to child care agencies in favour of a client based fee subsidy system.
- Current income testing produces mixed results where those less needy may occupy a subsidized space while those who require significant subsidies based upon lower income are prohibited from obtaining a subsidized spot.
- The current approach to the Centralized Waiting List for subsidies does not accurately reflect the true need in the community.
- There has been only limited progress to address the issues and recommendations contained in the 2006 Audit of the Ontario Works Child Care subsidies.

### *Summary of the Level of Completion*

1. The table below outlines our assessment of the level of completion of each recommendation as of December 31, 2010.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	-	-	-
ACTION INITIATED	25 – 49	-	-	-
PARTIALLY COMPLETE	50 – 74	2, 23, 28	3	11%
SUBSTANTIALLY COMPLETE	75 – 99	1, 3, 7, 8, 10, 12, 14, 15, 16, 17, 18, 19, 20, 22	14	50%
COMPLETE	100	4, 5, 6, 9, 11, 13, 21, 24, 25, 26, 27	11	39%
TOTAL			28	100%

2. The table below outlines management's assessment of the level of completion of each recommendation as of Winter 2011 in response to the OAG's assessment. These assessments have not been audited.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	-	-	-
ACTION INITIATED	25 – 49	-	-	-
PARTIALLY COMPLETE	50 – 74	2, 23, 28	3	11%
SUBSTANTIALLY COMPLETE	75 – 99	1, 3, 7, 8, 10, 14, 15, 17, 18, 19, 20, 22	12	43%
COMPLETE	100	4, 5, 6, 9, 11, 12, 13, 16, 21, 24, 25, 27, 27	13	46%
TOTAL			28	100%

### **Conclusion**

The Children's Services Branch has made significant progress in many areas, particularly with respect to file content and documentation standards. The staff and management were well engaged in the policy and procedure development process and were appreciative of the opportunity to be involved and make change. However, both staff and management expressed concern regarding the resources required to develop policies and procedures and the ability for staff to be objective in their development. It was recognized, and we agree, that it is very difficult to be objective when one performs the duties each day over several years. The policies and procedures that have been developed by staff and management since 2008 need to be reviewed by an objective source to ensure that no gaps exist and that all legislative and provincial policies are appropriately reflected. This analysis could be undertaken within the Branch from a different program or from outside the Branch altogether. It is important, however, that staff and management be permitted to provide input and feedback throughout the process. We also noted that the policies and procedures do not contain description of processes in order to ensure that each step is undertaken on a file in a consistent manner. We recommend that the policies and procedures be supplemented with process maps with associated decision points, roles and responsibilities.

A review of the self-employment policy should be undertaken to ensure that the City is assessing income adequately in all cases. Similarly, the newly documented appeal policies and processes require further review to ensure clarity.

With respect to training, the Branch has undertaken a training program in the fee subsidy program that is currently being evaluated to ensure its comprehensiveness. A similar approach should be undertaken with the other programs.

The Ontario Works Child Care (OWCC) receipt process has much improved since 2008 with the introduction of the new electronic receipt. The result is a much improved approach. The review of the receipts on an ongoing basis will be helpful in identifying any further changes required in the future.

The Branch's relationship with Employment and Financial Assistance (EFA) (which became Social Services Operations Branch) has improved and participation agreements with OWCC clients are generally current. However, the meetings that were to occur between EFA and the Branch have not been regular to ensure that information is shared. The Branch has issued payments to clients in a few cases where activities were not up to date and documented. We recommend that a long term, semi-annual schedule be developed and adhered to.

Finally, the introduction of full day kindergarten has had significant, long term impacts on the delivery of childcare services in the province and the City. The newest directives require that the fee subsidies follow the child rather than be assigned to childcare agencies. Consequently, the City's approach to fee subsidies is naturally changing to a child based subsidy approach. This will mean changes in the manner in which the City operates as well as the agencies. The current budget process will continue to change. That being said, in the interim, the Branch has made some significant changes to the budgetary process with Purchase of Service childcare agencies. Although some complications remain, the introduction of the Child Care Service Provision Price Index (CCSPPI) has significantly simplified the process and has shortened the timeframe for budgetary approval.

Although the Branch has some work to do, particularly in the policy and procedure development area, there has been significant progress. The Branch has been tracking this progress and recognizes the areas that are still under development. We recommend that this improvement process continue and that the Branch include a progress report at each Branch meeting.

### ***Acknowledgement***

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.



## RÉSUMÉ

### ***Introduction***

Le Suivi de la vérification de la Division des services à l'enfance de 2008 était prévu dans le Plan du vérificateur général.

Les principales constatations de la vérification de 2008 sont les suivantes :

- La Ville d'Ottawa est la seule municipalité de l'Ontario qui accorde des subventions pour frais de garde d'enfants aux services de garde plutôt que directement aux clients. Cette façon de procéder a entraîné la sous-utilisation des subventions pour frais de garde et un processus budgétaire inutilement complexe.
- Comme la Ville accorde des subventions pour frais de garde aux organismes plutôt qu'aux clients, ce ne sont pas nécessairement les personnes les plus démunies qui reçoivent les subventions.
- La Ville devrait envisager d'éliminer l'octroi des subventions pour frais de garde aux garderies en faveur d'un système de subventions axé sur la clientèle.
- L'évaluation actuelle du revenu donne des résultats mitigés : des personnes moins démunies peuvent avoir droit à une place subventionnée, tandis que d'autres qui ont besoin d'importantes subventions à cause de leur revenu moindre ne peuvent obtenir de place subventionnée.
- Le recours actuel à une liste d'attente centralisée pour les subventions ne correspond pas exactement aux véritables besoins au sein de la collectivité.
- Seuls des progrès restreints ont été réalisés pour ce qui est d'aborder les problèmes et les recommandations contenus dans la vérification 2006 des subventions pour les frais de garde du programme Ontario au travail.

### ***Sommaire du degré d'achèvement***

1. Le tableau ci-dessous présente notre évaluation du degré d'achèvement de chaque recommandation au 31 décembre 2010 :

CATÉGORIE	POURCENTAGE COMPLÉTÉ	RECOMMANDATIONS	NOMBRE DE RECOMMANDATIONS	POURCENTAGE DU TOTAL DES RECOMMANDATIONS
PEU OU PAS DE MESURES PRISES	0 – 24	-	-	-
ACTION AMORCÉE	25 – 49	-	-	-
COMPLÉTÉE EN PARTIE	50 – 74	2, 23, 28	3	11 %
PRATIQUEMENT COMPLÉTÉE	75 – 99	1, 3, 7, 8, 10, 12, 14, 15, 16, 17, 18, 19, 20, 22	14	50 %
COMPLÉTÉE	100	4, 5, 6, 9, 11, 13, 21, 24, 25, 26, 27	11	39 %
TOTAL			28	100%

2. Le tableau ci-dessous présente l'évaluation de la direction concernant le degré de réalisation de chaque recommandation à l'hiver 2011 en réponse à l'évaluation du Bureau du vérificateur général. Ces évaluations n'ont pas fait l'objet d'une vérification.

CATÉGORIE	POURCENTAGE COMPLÉTÉ	RECOMMANDATIONS	NOMBRE DE RECOMMANDATIONS	POURCENTAGE DU TOTAL DES RECOMMANDATIONS
PEU OU PAS DE MESURES PRISES	0 – 24	-	-	-
ACTION AMORCÉE	25 – 49	-	-	-
COMPLÉTÉE EN PARTIE	50 – 74	2, 23, 28	3	11 %
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COMPLÉTÉE	100	4, 5, 6, 9, 11, 12, 13, 16, 21, 24, 25, 27, 27	13	46 %
TOTAL			28	100 %

## Conclusion

La Direction des services à l'enfance a réalisé de gros progrès dans de nombreux domaines, notamment en ce qui a trait au contenu des dossiers et aux normes de documentation. Le personnel et la direction se sont bien engagés dans le processus d'élaboration de politiques et de procédures et ont apprécié d'avoir l'occasion de participer et d'apporter des changements. Toutefois, le personnel et la direction ont tous deux exprimé leur inquiétude concernant les ressources nécessaires à l'élaboration de politiques et de procédures et la capacité du personnel d'être objectif durant cette élaboration. Il a été reconnu, et nous sommes d'accord, qu'il est très difficile d'être objectif quand on effectue les tâches tous les jours pendant plusieurs années. Les politiques et les procédures qui ont été élaborées par le personnel et la direction depuis 2008 doivent être examinées par une source objective afin d'assurer qu'il n'existe aucune lacune et que toutes les politiques

législatives et provinciales sont bien reflétées. Cette analyse pourrait être entreprise par un différent programme dans la Direction ou en dehors de la Direction. Il est important, cependant, que le personnel et la direction puissent faire part de leurs commentaires et de leur rétroaction durant le processus. Nous avons également remarqué que les politiques et les procédures ne contiennent pas de description des processus afin d'assurer que chaque étape franchie dans le cadre d'un dossier l'est de manière cohérente. Nous recommandons que les politiques et les procédures soient dotées de cartes de processus accompagnées des points de décision, des rôles et des responsabilités connexes.

Un examen de la politique relative à un emploi indépendant devrait être entrepris afin de veiller à ce que la Ville évalue le revenu de façon appropriée dans tous les cas. De même, les politiques et les processus d'appel nouvellement documentés nécessitent un examen approfondi pour en assurer la clarté.

En ce qui a trait à la formation, la Direction a entrepris un programme de formation pour le programme de subvention qui est actuellement évalué afin d'en assurer l'exhaustivité. Une approche semblable devrait être adoptée avec les autres programmes.

Le processus de reçu pour les services de garde d'Ontario au Travail a été amélioré depuis 2008 grâce à l'introduction des nouveaux reçus électroniques, ce qui s'est traduit par une meilleure approche. L'examen des reçus de façon continue sera utile afin de déterminer tout autre changement qui pourrait être requis à l'avenir.

Les relations de la Direction avec Emploi et Aide financière (EAF) (devenue Direction des opérations de services sociaux) se sont améliorées et les ententes de participation avec les clients des services de garde d'enfants d'Ontario au travail sont généralement à jour. Toutefois, les réunions qui devaient se tenir entre la Direction et EAF n'ont pas eu lieu de façon régulière afin d'assurer le partage de l'information. La Direction a émis, dans quelques cas, des paiements aux clients alors que les activités n'avaient été mises à jour et documentées. Nous recommandons qu'un calendrier semestriel à long terme soit établi et respecté.

Enfin, la mise en place du jardin d'enfants à plein temps a eu des répercussions importantes à long terme sur la prestation des services de garde d'enfants dans la province et la Ville. Les dernières directives stipulent que les subventions pour frais de garde suivent l'enfant plutôt que d'être assignées à des garderies. Par conséquent, l'approche de la Ville quant aux subventions pour frais de garde se transforme tout naturellement en une approche fondée sur l'enfant en matière de subvention, ce qui signifie des changements dans la manière dont la Ville et les garderies fonctionnent. Le processus budgétaire actuel continuera de changer. Cela dit, dans l'intérim, la Direction a effectué d'importantes modifications au processus budgétaire relatif à l'achat de services de garde d'enfants. Bien que des

complications demeurent, l'introduction du Child Care Service Provision Price Index (CCSPPI) a grandement simplifié le processus et a réduit l'échéancier d'approbation du budget.

Bien que la direction ait encore du travail devant elle, notamment dans le domaine de l'élaboration de politiques et de procédures, des progrès importants ont été accomplis. La Direction a assuré le suivi de ces progrès et reconnaît les domaines qui sont encore en développement. Nous recommandons que ce processus d'amélioration se poursuive et que la Direction incorpore un rapport sur les progrès à chaque rencontre.

### ***Remerciements***

Nous tenons à remercier la direction pour la coopération et l'assistance accordées à l'équipe de vérification.

## 1 INTRODUCTION

The Follow-up to the 2008 Audit of the Children's Services Division was included in the Auditor General's Audit Plan.

The key findings of the original 2008 audit included:

- The City of Ottawa is the only Ontario municipality that allocates fee subsidies to child care agencies rather than directly to clients, resulting in an under-utilization of fee subsidies and an overly complex budgetary process.
- Since the City allocates fee subsidies to agencies rather than the client, those most in need are not necessarily receiving subsidies.
- The City should explore the elimination of the allocation of fee subsidies to child care agencies in favour of a client based fee subsidy system.
- Current income testing produces mixed results where those less needy may occupy a subsidized space while those who require significant subsidies based upon lower income are prohibited from obtaining a subsidized spot.
- The current approach to the Centralized Waiting List for subsidies does not accurately reflect the true need in the community.
- There has been only limited progress to address the issues and recommendations contained in the 2006 Audit of the Ontario Works Child Care subsidies.

## 2 KEY FINDINGS OF THE ORIGINAL 2008 AUDIT

1. Currently, the City of Ottawa is the only Ontario municipality that allocates fee subsidies to child care agencies rather than directly to clients. This methodology has resulted in an under-utilization of fee subsidies and an overly complex budgetary process. As well, due to the fact that the City allocates fee subsidies to agencies rather than the client, those most in need are not necessarily receiving subsidies. As income testing simply determines whether a person meets the test, once this is the case and the client has found a subsidized spot, they are eligible for subsidy. This means that a client may occupy a subsidized space and yet receive little subsidy. This prohibits those who require significant subsidies based upon lower income from obtaining a subsidized spot. CSD should explore the elimination of the allocation of fee subsidies to child care agencies in favour of a client based fee subsidy system.
2. The child care providers interviewed expressed general dissatisfaction with the centralized waitlist system which is currently operated by Andrew Fleck Child Care Services. Interviews conducted during the audit indicated that the child care agencies that have been mandated to utilize the system find it complicated and time consuming. The expectation of the waitlist provider is that the

agencies update the list each month. This expectation is unrealistic as the agencies only review the list if they have a need. Agencies also indicated that they are in fact doing the City's job in many respects such as defining child care alternatives and advising clients with respect to the day's away policies. In most cases, City staff does not provide these services and the agencies feel they are put in a difficult situation.

3. The total number of licensed child care spaces within the City of Ottawa is approximately 19,300. The total number of children waiting on the centralized waitlist totals approximately 11,800. Based upon these statistics, it would seem that, in order to meet the demand for licensed child care, it would require the City to produce 61% more spots in order to fulfill the demand. However, it is important to note that the waitlist is deceiving in three ways: (1) clients can access the waitlist before the child has arrived; (2) the waitlist does not include those looking for informal child care; and, (3) the waitlist is not regularly updated to remove those who have found a child care space and therefore the number does not accurately reflect families waiting.
4. Child care agencies also indicated that the waitlist prohibits the City from realizing full utilization of subsidies due to the fact that clients can put themselves on the list for several agencies, and yet, an agency would not know if the client has been offered an available child care space by another agency. Child care agencies regularly have vacant child care spaces while they wait for clients to return contact when a space becomes available. In many cases, the agencies do not receive return calls from clients, particularly in cases where the client has already secured a space with another agency. As such, the current waitlist does not accurately reflect true needs within the community.
5. The centralized waitlist has also been criticized for the fact that the contract was provided to one child care provider without a competitive process and creates an unfair competitive advantage to the provider. A competitive process would provide greater transparency and allow the City to ensure the waitlist is accurate and effective.
6. The City has also been criticized in its approach to subsidized spaces in that it is not prepared to handle non-traditional services such as 24/7 operations or sporadic subsidy requirements. Although many parents require service during non-traditional hours, the City (and the OCCMS system) does not provide easy support yet many day care providers are offering this increasingly requested service.
7. Overall, there has been only limited progress to address the issues and recommendations contained in the 2006 Audit of the OWCC subsidies. In particular, the requirement for monthly receipts for informal child care is sporadic and is not enforced in a systematic manner. Ongoing proof of participation in approved activities is also irregular. Documentation within

client files is unorganized and inconsistent between files and Case Coordinators. There are still significant improvements required to ensure that OWCC subsidies are appropriately administered.

8. The 2006 OWCC audit recommendation with respect to child care provider authenticity also causes some concern. In the 2006 audit, it was stated that it was inappropriate to utilize the caregiver social insurance number to determine whether or not the caregiver was an Ontario Works client in the social services system. The recommendation indicated that CSD undertake other means to determine child care provider authenticity. On this recommendation, CSD has indicated that it is using 411 and reversed telephone directories as a way of verifying caregivers. However, there is little evidence that this is occurring or that this approach is effective.
9. There are poor documentation controls contained in the physical and electronic files, both for OWCC and regular fee subsidies. The implementation of the Ontario Child Care Management System (OCCMS) has resulted in an over reliance on the system to the detriment of documentation controls within the physical files. OCCMS, although relied upon, does not contain standard requirements for file contents and file reviews such as the application form and other signed documentation. Therefore, information captured in the system is not adequately supported by required documentation. In particular, receipts are not on file consistently.
10. The implementation of income testing in 2007 has significantly simplified the financial determination for subsidies. In particular, testing of income is now based upon the Notice of Assessment from the previous year and reviewed each year. Prior to this change, financial assessment was based upon need and required much more detailed review by the Subsidy Coordinator. Although income testing is easier, it has also meant that parental contributions for child care increased in many cases. As a result, in order to continue to receive subsidies, Subsidy Coordinators have counselled clients to contribute to RRSPs in order to reduce their income and increase their subsidies.
11. Policies and procedures are out of date or under review. Some of these policies have been in draft form for over three years. Other policies date back over 10 years and refer to the pre-amalgamation structure and old regulations, prior to income testing. Although the 2006 audit recommended detailed eligibility criteria for subsidies be documented, policies and procedures are in draft form only. Further, there is currently no policy and procedure structure in place creating confusion as to the most recent version.
12. The annual subsidy review and internal review policies are documented. However, the actual reviews undertaken are not. That is, there was little or no evidence that files had been reviewed by supervisors on a regular basis or based

upon a workplan. The annual reviews to be completed by Case Coordinators are done sporadically based upon individual bring forward systems.

13. The budgetary process required for child care agencies to apply for fee and wage subsidies is extremely labour intensive and overly complicated. In addition, the lack of completeness and supporting documentation in the sample files raises concerns about the consistency of treatment between providers. Recently, the City withdrew funding from a particular child care provider due to concerns regarding proper documentation and the response from the child care provider. Although this decision may be valid, the City needs to ensure that a rigorous review of files is undertaken in all cases equally to ensure that it is not criticized for inconsistency in such decisions. The audit team did not find this consistency.
14. At the outset of this audit, CSD was part of the Parks and Recreation Branch. Audit Objective 7 (To assess the appropriateness of the organizational structure of the CSD within the Parks and Recreation Branch) was intended to examine the merits of this structure versus a closer alignment to EFA. In the organizational re-structuring announced in late 2008, CSD was re-assigned to the new Social Services portfolio, which includes EFA. The audit work performed regarding organizational structure issues supports the recent change and no further observations or recommendations are required.

### **3 STATUS OF IMPLEMENTATION OF 2008 AUDIT RECOMMENDATIONS**

#### **2008 Recommendation 1**

**That CSD ensure a regular system of policy review and update is in place.**

#### **2008 Management Response**

Management agrees with the recommendation.

Children's Services was formalizing a policy development, review and approval process during the audit. As part of the process initiated in May 2008, Children's Services will continue to update and prioritize the list of policies for review and development on an ongoing basis. With the recent realignment of Children's Services in the new Community and Social Services department, the current branch policy development and approval process will be reviewed to see how it can be coordinated within the new departmental structure. Children's Services is targeting the end of Q3 2010 for the completion of the process review.

## **Management Representation of the Status of Implementation of Recommendation 1 as of September 30, 2010**

A formal policy/procedure development, review and approval procedure was completed and posted on Ozone in January 2010. The review policy list will be updated on an ongoing basis.

*Management: % complete*

*100%*

### **OAG's Follow-up Audit Findings regarding Recommendation 1**

Although Children's Services Branch has undertaken a policy review process and has put in place, an approval procedure with a standard template, we are of the opinion that a more structured approach is required. In particular, we noted that the policy/procedure with respect to approvals does not contain a requirement to review existing policies on a regular basis to ensure continued relevance. Further, we noted that the prioritization approach has not been documented nor has the contents of the policy/procedure template been specifically laid out to ensure consistency and completeness.

In order to fully implement this recommendation, the policy/procedure should be updated to include a risk based priority assessment, resources required, a schedule for refresh with version control within the template and a detailed description of expected contents within each major heading of the template. A structured numbering system of all policies and procedures should also be developed for ease of access, retrieval and refresh.

We also noted that there was some confusion regarding the differences between policies, procedures and processes. The policy/procedure approval procedure attempts to define the difference but does not provide sufficient guidance for staff in the design of a policy and/or procedure. There are also inconsistencies between the sections within the Branch with respect to the development of policies and procedures. For example, OWCC has some procedures as well as policies but the other programs do not have procedures. In some cases, such as the "Appeal Process Policy", there is a combination of process, policy and procedure. In order to clarify, the Branch should clearly define policy, procedure and process and develop separate documents for each. Once this is complete, it would be anticipated that the Branch would provide the public with access to "policies" whereas procedures and processes would be utilized by the Branch to outline how the policies are implemented and in what sequence.

Further, the documents themselves did not always specify if the document was a policy or procedure. Given the lack of detailed guidance from the province in regard to policy, it is extremely important from a control perspective to ensure that the policies and procedures clearly guide employees in decision making. We also noted that the Branch does not have detailed processes to ensure that all of the required steps to determine eligibility are met.

Since the provincial fee subsidy guidelines allow for significant discretion in the determination of the appropriate amount of subsidized child care, it is imperative that the City's policies and procedures address this discretion and ensure that the appropriate accountabilities are set out in these policies. In particular, policies regarding "parent's recognized need" and the determinations of such "need" should be outlined in policy with appropriate avenues for staff to address "grey" areas. These directives should ensure that subsidies are being provided to those most in need and prevent fraud. An example includes the "looking for work/job search" policy. This policy needs to be specific in the requirements to document that need. As this is not a "parent's recognized need" as outlined in the Provincial Fee Subsidy Guidelines and therefore, discretionary on the part of the Branch, the policy should be very detailed and provide specific direction to staff.

We are also concerned with the lack of policy and procedure with respect to the direct payment to community centres for OWCC clients. This is an area that represents significant risk and has resulted in overpayments of benefits. In one case that we reviewed, the client was allowed to sign up for summer camp at a community centre within the City when in fact the client was not approved for child care reimbursement. The payment was made through the City's Class and financial system without OWCC intervention and resulted in an overpayment of over \$1,000. As overpayments from Ontario Works clients tend to be challenging, these practices should be reviewed and possibly eliminated. As this is a unique service that the City provides and it involves more than one department, it is particularly important to ensure that policies and procedures be very clear and followed consistently by both departments. Currently, there are no formal policies, procedures or processes and this was not identified in the corporate list of policies to be reviewed based upon risk. A risk matrix should be developed with all of the policies that clearly show the impact and probability of occurrence. Impact should be defined to include financial and non-financial implications. Those with the highest impact and probability of occurrence should be given the highest priority. This risk management exercise should be undertaken at a Branch level rather than by program/section to ensure that resources are allocated to the "riskiest" policies and procedures.

Other examples of policies and procedures that required more detailed instruction include self employment and the definition of recognized need in these cases as well as exercising discretion with respect to "top up" allowances in OWCC. This is discussed in more detail later in this report.

With respect to content, our review of the policies and procedures written or updated since 2008 provided some additional guidance to staff. However, there is a lack of clear accountabilities and delegation of authority. We would expect to see detailed authorities accompanied by delegated authority instruments.

The Branch has developed a tracking process for each policy/procedure under review. This practice should continue and be updated to include all policies and procedures for all sections of the Branch, not simply those under review at the time. The spreadsheet should be enhanced to include the specific dates throughout the approval process including the various versions, reviews by management and final approval date (as opposed to a generic quarter completion date). This will assist management in its ability to monitor the timelines for approval and allow for workload assessment. The tracking form should also include the "next review date" planned for bring forward purposes.

We are concerned with the delay in the policy development process. In discussions with both staff and management, it became apparent that policy development and review was assigned to staff that do not have a background in policy/procedure writing. As well, there is a concern about the "objectivity" of the process in that staff who work in the program may develop policies based upon practice rather than from an objective review of the legislation and/or provincial guidelines. Further concern is the amount of time it has taken to develop the policies and procedures to date. Although staff were assigned to a policy committee, they are not dedicated solely to this activity which has had a significant impact on the length of time to complete the development. In fact, staff and management indicated that no work on policies and procedures had been undertaken since April 2010 due to staffing issues.

Since the 2008 audit, the Branch has developed/reviewed/approved 29 policies in fee subsidy and 14 in OWCC representing 52% and 48% of total policies respectively as shown in the chart below.

	<b>Subsidy</b>	<b>OWCC</b>
# of Policies Listed	55	29
Approved	18	11
Written/ready for Management Review (New)	11	3
Assigned to Policy & Procedure Committee or Under Construction	3	15
Not assigned	14	
Existing Policy Requirement Unknown	9	

Source: Ontario Works Child Care Policies and Procedures (Hard Copy)  
Child Care Subsidy Policies and Procedures.pdf

The remaining policies have not been assigned or are under construction. However, there are no definitive dates assigned to complete these reviews. Further, we note that the "Policy/procedure Approval Procedure" does not indicate that a gap analysis will be undertaken to determine if there were areas that are void of required policies. However, the procedure does include a form for staff/managers to identify new policies as the need arises.

In summary, in order to ensure that policies and procedures are developed and updated in a timely manner, the Branch needs to review its approach. Perhaps outside assistance is required in order to provide objectivity to the process as well as a project management approach to ensure that the milestones have been met. We understand that the Branch has approached the policy group within Ontario Works as a possible resource but, due to workload, they are unable to assist at this time. Other such avenues may be available to the Branch and should be investigated to enhance the control framework.

*OAG: % complete* *75%*

**Management Representation of Status of Implementation of Recommendation 1 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

A more structured and prioritized approach to policy development and review can be undertaken. The Purchase of Service Unit will list and prioritize all required policies and procedures based on risk and will identify the revision date once these are completed by the end of Q4 2011.

In response to comments made in the OAG's follow-up audit finding, management would like to clarify that the OWCC payment for an ineligible client to a community centre did not go through the City's Class financial system without intervention. The request for payment came to management's attention and, after thoughtful consideration, was subsequently approved. The placement in question, 1 of 1,982 payments made last year, was never approved by OWCC so the community centre erred when it agreed to service the client.

To avoid such an error in the future, communiqués and procedural memos have been issued, and meetings have been held with the five community centres who serve CSB clients. A formal policy is pending.

*Management: % complete* *75%*

**2008 Recommendation 2**

**That CSD develop a policy manual that encompasses all policies in a consistent framework that is accessible by all staff (electronically and/or paper format).**

**2008 Management Response**

Management agrees with the recommendation.

Children's Services policies and procedures are currently accessible to Children's Services staff electronically from a shared drive area. In addition, Children's Services posts new policies and procedures as they are approved on the City's Intranet (Ozone) so that all branch front-line staff, departmental and interdepartmental stakeholders are provided with an efficient and accessible self-serve information access system. Children's Services is targeting the end of Q2 2010 to complete the transfer of existing policies to Ozone.

### **Management Representation of the Status of Implementation of Recommendation 2 as of September 30, 2010**

CSD policies and procedures are accessible to CSD staff from a shared drive. All new and updated policies and procedures are posted on Ozone as they are approved.

Some existing policies have not been transferred to Ozone yet as they need updating or translation. This will be completed by the end of Q2 2011.

*Management: % complete* *50%*

### **OAG's Follow-up Audit Findings regarding Recommendation 2**

We agree with management that this recommendation is 50% complete.

As noted above, we are of the opinion that consistency of format and contents needs to be addressed. A review of the policies and procedures completed to date revealed that there are inconsistencies between the various sections within the Children's Services Branch. A horizontal analysis needs to be undertaken to ensure that intra-section consistency is achieved. For example, there are two policies regarding appeals: one for fee subsidies and one for OWCC. These policies differ in format, language, terminology, content, required forms and process. We found similar inconsistencies with respect to the two "file content policies/procedures". Although we understand that the two programs have unique requirements, consistency should be strived for wherever possible.

We noted that the fee subsidy and OWCC policy manual table of contents have been developed. However, the two are not consistent and the numbering schemes are not devised across the Branch. In order to prevent confusion and to ensure that staff understand the stage of each policy, the Branch should develop a standardized numbering system as well as policy manual format.

*OAG: % complete* *50%*

### **Management Representation of Status of Implementation of Recommendation 2 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

The potential for harmonizing policies and the number system across the three programs is limited by the three separate pieces of legislation (and related directives) that govern them.

Working within these parameters, the manuals and their numbering systems will be revised to ensure consistency where possible, by the end of Q4 2011.

*Management: % complete* **50%**

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### **2008 Recommendation 3**

**That, once the policies have been revitalized, CSD undertake a training program for its workers to ensure consistent understanding of these policies.**

### **2008 Management Response**

Management agrees with the recommendation.

Information and training is currently provided to all employees through team meetings and information sessions. With the recent realignment of the Children's Services branch in the new Community and Social Services department, the availability of the Business Support and Integration branch for training and policy specific support to Children's Services, will be determined and included in the branch work plan. Children's Services is targeting the end of Q3 2010 for implementation of an ongoing training program to ensure consistent understanding of policies.

### **Management Representation of the Status of Implementation of Recommendation 3 as of September 30, 2010**

A new case coordinator training package has been developed and every new case coordinator receives a planned training curriculum. The Branch has now incorporated policy and procedure training as part of their regular staff/unit meetings. Training and clarification of policies are provided to staff through unit/staff meetings on an on-going basis.

*Management: % complete* **100%**

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### **OAG's Follow-up Audit Findings regarding Recommendation 3**

Although Children's Services Branch has created a case coordinator training package which contains policies and procedures, this only applies to fee subsidy. A similar package has not yet been developed for the other programs in the Branch such as OWCC. Further, as the Branch has not yet completed the refresh of its policies and procedures, training on the remaining policies has not yet taken place. We note however, that training on the policies and procedures that have been refreshed has been undertaken at staff meetings. Both staff and management that were interviewed were aware of the new policies. Supervisors have included the assessment of knowledge of these policies when reviewing case files.

We are of the opinion that there are gaps in the training package as well. In particular, it should provide for a full description of the application process with samples.

The training should include some guidance with respect to evidence authenticity and detection of false or fraudulent documents. Interviewing skills as well as the key questions to ask during an interview should also be included to ensure that the claim is substantiated. The Branch has developed a checklist that is quite useful and should be expanded to provide more detail of the information collected, what is outstanding, the date received and follow up items. The training should clearly walk through these checklists with samples "filled out" as being best practice.

*OAG: % complete*

*75%*

### **Management Representation of Status of Implementation of Recommendation 3 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

The subsidy case coordinator training package will be amended to include a full description of the application process with samples.

The fee subsidy training package will be used as a guide to create OWCC and Purchase of Service Training Manuals by the end of Q4 2012.

*Management: % complete*

*75%*

### **2008 Recommendation 4**

**That CSD undertake a more structured approach with respect to reviewing of OWCC client files in order to ensure that eligibility is retained and reported.**

### **2008 Management Response**

Management agrees with the recommendation.

This recommendation is consistent with a new approach under development since January 2009 to monitor OWCC client eligibility, collect supporting information, and hold payments when documentation and proof of requirements are outstanding. The processes include: a yearly meeting with all OWCC clients to confirm participation agreements, to complete and obtain documents; quarterly confirmation of client eligibility through telephone interviews; and monthly file reviews and controls for compliance of requirements. This practice introduced in January 2009 will be formalized in a policy targeted for completion by the end of Q4 2009.

### **Management Representation of the Status of Implementation of Recommendation 4 as of September 30, 2010**

The more structured approach, including the OWCC Verification Standards policy and Documentation Requirements procedure, has been in place since September

2009. It includes: a tracking and monitoring tool in the form of an Eligibility Spreadsheet available to staff on a shared drive; a file management system for client files missing documentation; the dictation of all actions on OCCMS and SDMT; and client file updates.

*Management: % complete* **100%**

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#### **OAG's Follow-up Audit Findings regarding Recommendation 4**

We are of the opinion that the recommendation has been fully implemented. The new verification procedures are well documented and understood by staff. We did find, however, that more rigour is required to ensure that documents are authentic and not duplicates. In our sample of files during the follow up audit, we found two instances where receipts were duplicates from previous months and did not pertain to the month in question.

*OAG: % complete* **100%**

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#### **Management Representation of Status of Implementation of Recommendation 4 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

Management agrees that the Verification Standards Policy and Procedure should be reviewed with staff to improve compliance. This will be undertaken at an upcoming staff meeting (likely June 2011).

*Management: % complete* **100%**

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#### **2008 Recommendation 5**

**That CSD implement improved bring forward systems to provide reminders to Case Coordinators to follow up on specific areas such as income verification.**

#### **2008 Management Response**

This recommendation is consistent with the new approach under development outlined in Recommendation 4, which includes a follow-up mechanism. In order to ensure that files requiring follow-up are identified, OWCC staff has initiated a new monthly report identifying active OWCC cases with outstanding information.

The report tracks the status of the participation agreement for all active OWCC clients and any updates received with respect to a client's information, income, and Centralized Waiting List registration status. Social Service centre staff has begun reviewing the report on a quarterly basis and follow-up as required. Issues related to specific clients are discussed with OWCC case co-ordinators. The Branch will formalize the use of this report in the policy for reviewing OWCC files targeted for completion by the end of Q4 2009.

**Management Representation of the Status of Implementation of Recommendation 5 as of September 30, 2010**

The improved bring forward system has been in place since September 2009 (See Recommendation 4). The Eligibility Spreadsheet tracks client eligibility status; the Pending Client File System identifies all clients with outstanding information; and the Active OWCC Client Status Report is provided to Social Service Centre staff bi-annually for their review and update.

*Management: % complete* **100%**

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**OAG's Follow-up Audit Findings regarding Recommendation 5**

We are of the opinion that this recommendation is now fully implemented. Management has developed bring forward systems for fee subsidy and OWCC in spreadsheets. Since the "short-term" bring forward system is maintained separately from the "long-term" one, there is some risk that it will not be maintained, however that risk is minimal.

Management indicated that the reminder module within OCCMS was not practical as the reminders were "user specific" and not accessible by staff. This is unfortunate as the tracking is therefore outside of the system which represents some risk that data can be lost or manipulated.

*OAG: % complete* **100%**

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**2008 Recommendation 6**

**That CSD develop a standardized form that provides a step-by-step approach to determine the subsidy payable in adjustment cases.**

**2008 Management Response**

Management agrees with the recommendation.

The current documentation system used by OWCC provides the required information on more than one form. Children's Services will modify the existing "adjustment" form to consolidate all details of the initial payment and ongoing adjustments. The targeted implementation date for use of the modified form is Q4 2009.

**Management Representation of the Status of Implementation of Recommendation 6 as of September 30, 2010**

An electronic form for payments and adjustments was implemented January 1, 2010. Training occurred on November 6, 2009.

*Management: % complete* **100%**

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**OAG's Follow-up Audit Findings regarding Recommendation 6**

We are of the opinion that the recommendation is now fully implemented. Management has developed a detailed spreadsheet to calculate adjustments and staff have implemented the use of this spreadsheet in performing calculations. Beyond the scope of the original recommendation, the spreadsheet should be supported by a policy, procedure and process. According to management, this is still under construction but that no timeline has been provided for its development. We recommend that these policies and procedures be developed and be accompanied with a sample completed spreadsheet in order to ensure that staff are aware of the expectations and required documentation. The policy should also clearly indicate the approval, accountability and authority requirements for adjustments.

*OAG: % complete*

*100%*

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**Management Representation of Status of Implementation of Recommendation 6 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

Beyond the scope of the original recommendation, the OAG is advocating the development of a policy and procedure to support the form. This additional policy and procedure will be added to the list referenced in Recommendation 1.

*Management: % complete*

*100%*

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**2008 Recommendation 7**

**That, if CSD's intention is to move away from paper files, the Client's File policy be revised to reflect the documentation requirements in the clients physical file and in electronic form (OCCMS).**

**2008 Management Response**

Management agrees with the recommendation.

OWCC, Municipal Home Child Care programs and Community Purchase of Service programs currently use physical files. The Purchase of Service program will explore a fully electronic process that would enable the City to conduct its business electronically eliminating poor quality faxed documents and mail-outs. Children's Services is targeting an implementation date of Q2 2010 for full migration to electronic filing for the Purchase of Service component. OWCC and Municipal Home Child Care programs will continue to use physical files as it is not feasible for all clients to have access to the required technology.

Children's Services will develop a policy on file content, to formalize the process currently documented in a memo, with a target timeframe of Q3 2010.

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**Management Representation of the Status of Implementation of Recommendation 7 as of September 30, 2010**

The Purchase of Service program conducts its business electronically. If required, documents are scanned into PDF format and filed electronically. Child Care Subsidy and OWCC have developed a File Content policy and a file checklist for consistency. The policy is posted on Ozone.

*Management: % complete* 100%

**OAG's Follow-up Audit Findings regarding Recommendation 7**

We are of the opinion that this recommendation is 90% complete. Management has developed file content policies for OWCC and Fee Subsidy files. However, we found that not all files contained all of the required documents. For example, income tests were not found in all cases and location of documents did not follow the File Content Policy. While not specifically stated in the original recommendation, compliance to this policy should be maintained. It is important to note that we found that the sample OWCC files were very well organized and included tabs with required documents.

*OAG: % complete* 90%

**Management Representation of Status of Implementation of Recommendation 7 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

Management acknowledges that not all files are perfectly compliant with the policy. Therefore, a refresher training session will be provided to subsidy unit staff by the end of Q2 2011.

*Management: % complete* 90%

**2008 Recommendation 8**

**That CSD develop standards with respect to the utilization of OCCMS, including when OCCMS is used and the syntax to be used in case notes.**

**2008 Management Response**

Management agrees with the recommendation.

Children's Services will develop a policy on the utilisation of OCCMS, outlining circumstances requiring the use of OCCMS, verification standards and a glossary of terms to formalize the process currently documented in a memo. Management will present the policy at a staff meeting. Implementation is targeted for Q1 2010.

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**Management Representation of the Status of Implementation of Recommendation 8 as of September 30, 2010**

The File Content policy includes utilization of OCCMS and the syntax to be used in case notes.

*Management: % complete*

*100%*

**OAG's Follow-up Audit Findings regarding Recommendation 8**

As indicated above, management developed file content policies for fee subsidy and OWCC. The policy for fee subsidy files contains a lexicon of accepted syntax within OCCMS but a similar lexicon does not exist for OWCC. Staff of OWCC indicated that they were not aware of any such lexicon and tend not to use short forms or acronyms within OCCMS.

We reviewed case notes of 17 fee subsidy files and every one of these files contained short forms and acronyms that were not contained in the approved lexicon. Further, we found that in all cases spelling errors were found. Of the 19 OWCC files we reviewed, we also found similar results. However, OWCC case notes were more complete than fee subsidy files and were generally free of spelling errors. We note that OCCMS has a spell check feature for case notes and recommends that the file content policy be updated to include a requirement to perform such spell checks prior to updating the file and committing to the database. In order to implement the recommendation fully, management should review the lexicon contained in the file content policy and update to include all accepted lexicon for all programs. File reviews by supervisors should include a review of case notes to ensure they meet the requirements of the policies/procedures.

*OAG: % complete*

*75%*

**Management Representation of Status of Implementation of Recommendation 8 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

The fee subsidy lexicon will be adjusted and implemented for the OWCC program by the end of Q2 2011.

Beyond the scope of the original recommendation, the File Content policy will be revised to include a requirement to use the spell check feature. This policy amendment will be added to the list referenced in Recommendation 1.

*Management: % complete*

*75%*

**2008 Recommendation 9**

That CSD formalize the policy regarding reviews of participation agreements in order to outline the expectations for clients.

## **2008 Management Response**

Management agrees with the recommendation.

Children's Services will finalize an internal policy outlining expectations for clients with respect to participation agreements. It will include an OWCC rights and responsibilities document that will be dated and signed annually by parents and OWCC Coordinator and placed on the physical file. Management will present this policy and document to staff at team meetings. Implementation is targeted by Q4 2009.

## **Management Representation of the Status of Implementation of Recommendation 9 as of September 30, 2010**

See Recommendation 4. The OWCC Verification Standards policy and Documentation Requirements procedure have been formalized and in place since September 2009. A Rights and Responsibilities form is now included in the client application process. The formalized policy is applied to all new clients and applied to existing clients at renewal time.

*Management: % complete* **100%**

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## **OAG's Follow-up Audit Findings regarding Recommendation 9**

We agree with management that this recommendation is 100% complete. All OWCC files that we reviewed contained an updated participation agreement. We noted, however, that some files did not include fully completed Rights and Responsibilities form and/or both sides of the form were not in the file. Management should reinforce the importance of this form and ensure all sections are completed by the client and staff. A complete copy (both sides) should be placed on file.

*OAG: % complete* **100%**

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## **2008 Recommendation 10**

**That CSD undertake increased diligence to ensure that monthly receipts be submitted, be date stamped and put on the required physical files.**

## **2008 Management Response**

Management agrees with the recommendation

This recommendation is consistent with the new approach under development since January 2009, outlined in Recommendation 4, which includes processes to monitor OWCC client eligibility and the collection of supporting information. All files missing receipts will be forwarded to OWCC Pending Files and reviewed monthly. OWCC clients, whose file is pending verification, will be notified by telephone that payments will be withheld until receipts are submitted. A significant amount of receipts are received by fax and are, therefore, automatically

date stamped. Other receipts will be manually date stamped by the verification specialist before being added to the physical file. Training will be provided at staff meetings. The process that will include a biannual file review is targeted for implementation in Q4 2009.

### **Management Representation of the Status of Implementation of Recommendation 10 as of September 30, 2010**

This recommendation was implemented in September 2009 (See Pending File System referred to in Recommendation 4). Receipts received by fax are automatically dated. Those received by other methods are date-stamped. Receipts received are checked on the application form.

Dictation entered in OCCMS includes the date received, month covered and the amount. The amount paid is reconciled with the actual amount shown on the receipt. The client file is placed with pending case file folders and payments are withheld until receipts are received or issues with receipts are resolved. Clients are contacted if there are any issues identified with the receipt.

*Management: % complete* **100%**

### **OAG's Follow-up Audit Findings regarding Recommendation 10**

Management has made significant improvements with respect to ensuring that monthly receipts are provided to support payment of informal OWCC child care. The new receipt developed in consultation with Information Technology Services will provide more consistent information. We did note however, that there were 2 out of 19 files that did not contain complete receipts.

In some cases, payments were issued without receipts which have resulted in overpayments. Based upon information provided by the Branch, between 2008 and 2010, there were 123 overpayments for a total of \$81,952, of which 80 (representing \$65,674) were outstanding at the time of the audit. Most of these overpayments (96) represent situations where receipts were not submitted as proof of payment for child care. Such overpayments may be difficult to recover. The Branch should ensure that the policy to stop payment until receipts are received be followed.

*OAG: % complete* **85%**

### **Management Representation of Status of Implementation of Recommendation 10 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

Just prior to the original audit, Children's Services introduced a policy that monthly receipts were required before the next subsidy payment was provided, but sampling during 2008 indicated the policy was not fully implemented (87% of files were deficient at the time).

Children's Services has since increased diligence to ensure that monthly receipts are submitted; date stamped and put on the required physical files.

Cheques to cover childcare costs are issued at the beginning of a month, and a receipt is provided at the end of the month. Currently, if the receipt is not provided, the next month's payment is held.

In 2010 overpayments represented 2% of all cheques issued. The majority of these overpayments (25 of 37) were for the last month of service (the family was leaving the program), when there is less incentive for the client to obtain and submit the receipt in a timely manner.

Regardless, Children's Services adheres to policy and procedures and institutes the follow-up processes that are triggered when a receipt is not received. Keeping with the original scope of the recommendation, Children's Services has established a policy whereby subsequent payments are released only with proper receipt.

It is acknowledged that, in some cases, these receipts were not on file. A refresher training session will be provided to OWCC staff by the end of Q3 2011.

*Management: % complete* *85%*

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### **2008 Recommendation 11**

**That CSD use OCCMS to identify inconsistencies with regard to receipts and follow-up being completed.**

### **2008 Management Response**

Management agrees with the recommendation.

Children's Services will implement a process using the "custom reminder feature" of OCCMS to flag inconsistencies with regard to receipts to ensure that the existing follow-up process is initiated. The process will require OWCC staff to print weekly "reminder reports" in order for the supervisor to verify that actions have been completed. Implementation is targeted for Q2 2010.

### **Management Representation of the Status of Implementation of Recommendation 11 as of September 30, 2010**

The custom reminder referred to in the original Management Response will not be used, as it is not effective if the coordinator is not present. It has been replaced with the Pending File System introduced in September 2009 (See Recommendations 4 and 10). Incomplete clients files are physically removed from the active cabinets and are held in the "pending file" folder. All payments are withheld.

*Management: % complete* *100%*

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**OAG's Follow-up Audit Findings regarding Recommendation 11**

Because OCCMS cannot be utilized to track required receipts, management has created a spreadsheet to ensure that staff follow up when receipts are not received by clients. As such, this recommendation can be considered fully implemented. As mentioned above, overpayments have occurred and not all files contained the required receipts.

*OAG: % complete* **100%**

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**Management Representation of Status of Implementation of Recommendation 11 as of Winter 2011**

Management agrees with the OAG's follow-up finding.

The use of the "pending file" folder and the holdback of subsidy payments has been an effective measure to ensure follow-up is completed. The results are reflected in the reduction of files with inconsistencies in receipts since the 2008 audit was undertaken.

*Management: % complete* **100%**

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**2008 Recommendation 12**

That CSD redesign the OWCC receipt to include the number of children and the number of hours they were cared for.

**2008 Management Response**

Management agrees with the recommendation.

Children's Services will redesign the "OWCC receipt" form to include the number of children, the child's name and the number of hours of care they receive. Implementation of the new form is targeted for the end of Q3 2009.

**Management Representation of the Status of Implementation of Recommendation 12 as of September 30, 2010**

The redesign of the OWCC receipt is still underway and implementation is expected by the end of Q4 2010.

*Management: % complete* **85%**

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**OAG's Follow-up Audit Findings regarding Recommendation 12**

We agree with management that this recommendation is 85% complete. At the time of the audit, management had just completed the electronic receipt and was being tested with active files. The receipt took some time to redesign as management undertook to automate this process which will yield long term process improvement. We note that the new receipt is very clear and well designed. Over the next few months, management indicated that it will make adjustments based upon results. We recommend that the receipt include an area for the client and/or

caregiver to provide changes or updates of addresses or contact information. Although changes must be reported by the client when they occur, this does not always happen. OWCC staff reviewed any changes on the manual receipt which often flagged these changes. Since the new receipt is computer generated, changes may not be as obvious to the OWCC worker.

*OAG: % complete*

*85%*

### **Management Representation of Status of Implementation of Recommendation 12 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding, however further progress has been made.

Children's Services redesigned the OWCC receipt to include the number of children and the number of hours they were cared for, as recommended.

Management agrees with the further suggestion to provide an area for the client or caregiver to note any changes or updates to contact information. This further enhancement and any others that are identified will be part of the next version of the receipt.

Management considers implementation of this recommendation to be complete.

*Management: % complete*

*100%*

### **2008 Recommendation 13**

**That EFA and CSD work to address changes in participation agreements and seek an increased automated approach to notification.**

### **2008 Management Response**

Management agrees with the recommendation.

OWCC staff has begun generating a monthly report that identifies the status of the participation agreement for all active OWCC clients and updates to the client's information, income and Centralized Waiting List registration status in January. This report is provided to Social Services centre staff for review on a quarterly basis. Issues related to specific clients are discussed with OWCC case co-ordinators. In addition, the report is used internally to update client eligibility status. This practice has resulted in the closing of up to 50% of OWCC cases.

OWCC will identify the need for training new Social Services centre employees as to where to access OWCC information on SDMT and to understand the implications and the required follow-up. Implementation of the new Social Services staff training is targeted for Q2 2010.

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**Management Representation of the Status of Implementation of Recommendation 13 as of September 30, 2010**

Status reports of participation agreements are now generated monthly. Training of new Social Services Centre employees is provided by OWCC case co-ordinators upon EFA's request. Training last took place in August 2010.

*Management: % complete* **100%**

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**OAG's Follow-up Audit Findings regarding Recommendation 13**

We are of the opinion that this recommendation is now fully implemented. Management has developed a detailed spreadsheet which tracks eligibility and has instituted ongoing dialogue with EFA but has been challenged to maintain a regular meeting schedule with EFA. A planned schedule for future meetings may assist in ensuring this dialogue is maintained.

*OAG: % complete* **100%**

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**Management Representation of Status of Implementation of Recommendation 13 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

One bi-annual meeting was cancelled and rescheduled in the fall of 2010 but was cancelled again due to uncontrollable circumstances. The first meeting of 2011 occurred in January and the fall 2011 meeting has been scheduled.

*Management: % complete* **100%**

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**2008 Recommendation 14**

That CSD ensure that any documentation received from EFA, including emails and SDMT profiles, form part of the OWCC files.

**2008 Management Response**

Management agrees with the recommendation.

Children's Services will add all documentation, including messages and SDMT profiles received from Social Services centre staff to the OWCC physical files on a go forward basis by Q3 2009.

**Management Representation of the Status of Implementation of Recommendation 14 as of September 30, 2010**

This recommendation was implemented in September 2009. All documentation and communications can be found in the OWCC client files.

*Management: % complete* **100%**

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**OAG's Follow-up Audit Findings regarding Recommendation 14**

We are of the opinion that this recommendation is not fully implemented and is 95% complete. Although management included the requirement to include the client profile from SDMT including the participation agreement, the file content policy/procedure for OWCC does not include the requirement to put all communication with EFA on file. However, all files audited contained the SDMT client profiles and correspondence. In order to ensure that all messages and correspondence are placed in OWCC files, the policies/procedures should be updated to include this requirement.

*OAG: % complete*

95%

**Management Representation of Status of Implementation of Recommendation 14 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

The requirement to include all communications between OWCC and EFA was stated during the training session but unfortunately omitted from the current policy. It will be added to current policy and procedure by the end of Q2 2011.

*Management: % complete*

95%

**2008 Recommendation 15**

**That CSD ensure that OWCC Case Coordinators review files on a more regular basis, particularly in instances where attendance reports are not being filed by OWCC clients.**

**2008 Management Response**

Management agrees with the recommendation.

Consistent with recommendation 4, Children's Services' new approach to monitor OWCC client eligibility and to collect supporting information under development since January 2009, includes monthly file reviews to ensure receipt of proper documentation prior to releasing payments. Attendance report/activity schedules are required when care is provided outside regular schedules such as in the case of shift work. Confirmation of receipts is determined prior to OWCC funding being released or suspended. This practice introduced in January 2009 will be formalized in a policy targeted for completion in Q4 2009.

**Management Representation of the Status of Implementation of Recommendation 15 as of September 30, 2010**

OWCC staff now review files monthly to ensure receipts are received prior to issuing payment. A file check list is used on an ongoing basis. Formalization of this practice through a File Review policy is in progress. Completion is expected in Q4 2010.

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*Management: % complete* *85%*

**OAG's Follow-up Audit Findings regarding Recommendation 15**

We are of the opinion that this recommendation is 85% complete in line with the findings above. The Verification Policy and Procedures include the requirement to include monthly receipts prior to payment. We recommend that the procedure be updated to clarify the monthly procedures as opposed to application process or annual reviews. Of the 123 overpayments mentioned above, 3 were due to the fact that attendance in the activity had discontinued but OWCC was not aware. Consequently, management must ensure that more rigour is taken to ensure that attendance in the approved activities is verified on a monthly basis.

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*OAG: % complete* *85%*

**Management Representation of Status of Implementation of Recommendation 15 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

The Verification Standards Policy and Procedure will be updated to clarify the monthly procedures by the end of Q3 2011.

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*Management: % complete* *85%*

**2008 Recommendation 16**

**That CSD provide Case Coordinators with increased training to assist them in detection of potential issues with respect to authenticity of child care providers.**

**2008 Management Response**

Management agrees with the recommendation.

Children's Services will review the current mechanisms available to determine the authenticity of informal child care providers. A policy will be formalized based on the outcome of the review and staff training will be done through regular staff meetings. The implementation of this recommendation is targeted for Q3 2010.

**Management Representation of the Status of Implementation of Recommendation 16 as of September 30, 2010**

The OWCC Provider Verification procedure is in place and Ontario Works Child Care (OWCC) staff received training in November 2009. Development of the OWCC Provider Verification policy is in progress. Completion of this policy is targeted for the end of Q1 2011 with the necessary training to be provided to OWCC staff at that time.

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*Management: % complete* *75%*

**OAG's Follow-up Audit Findings regarding Recommendation 16**

We agree with management that this recommendation is 75% complete. The current verification policy with respect to caregiver authentication is in draft form. A caregiver must be 18 years of age and must reside in the City of Ottawa. According to the Provincial Fee Subsidy Guideline, the caregiver must not be provided by a relative that is in the benefit unit. The benefit unit is defined in the *Ontario Works Act, 1997* as "a person and all of his or her dependents on behalf of whom the person applies for or receives basic financial assistance." The current Branch policy does not include such a restriction and the procedure does not require such authenticity. The policy does provide a list of accepted documents to confirm residency but does not include mechanisms to confirm the age of the caregiver. Further, the list of documents is sufficiently not prescriptive nor is it clear with respect to the consequences of not complying. For instance, the policy states that "If there is a change of caregiver, the client must contact the OWCC Program to inform of this change and also to provide a new verification of his/her informal caregiver. If there is a change in the caregiver's information such as his/her address, the client must contact OWCC office to inform of this change and also provide a new verification of his/her informal caregiver.". This policy does not state what OWCC will do in cases where this is not done.

We also note that the policy is silent with respect to authenticity in cases where the caregiver lives at the same residence as the client. In 1 of the 19 files audited, the caregiver had the same address as the client who was attending school and working part time. We recommend that the policy be expanded to address these situations. The potential for fraud and abuse in these situations warrants detailed requirements to ensure that the caregiver is legitimate, is not in the benefit unit and is over the age of 18 years of age. The Branch should obtain clarification from the Province with respect to the authenticity of persons providing care where the caregiver and the client live in the same residence.

**OAG: % complete**

**75%**

**Management Representation of Status of Implementation of Recommendation 16 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding, however further progress has been made.

At the time of the 2008 Audit, there were no formalized procedures for the verification of authenticity of the child care provider. Since the OAG's assessment, the OWCC Provider Verification Policy has been finalized, staff have been trained, and the policy has been made ready for posting on Ozone.

The 2008 audit acknowledged "that ensuring child care provider authenticity is challenging in that there may be many transitional situations". Further the City is

limited by legislation as to what verification can be requested. This policy, like others will be adjusted on an on-going basis.

With regard to the OAG's concerns, there are a number of legitimate scenarios where the person receiving childcare benefits may live at the same address as the childcare provider. For example, an aunt, grandmother, roommate or cousin, who have their own source of income or benefit unit. Therefore, the OWCC Provider Verification Policy will be adjusted to further formalize the stipulation that an informal caregiver must not be part of the OWCC recipients "benefit unit" prior to the end of Q2 2011.

Management considers implementation of this recommendation to be complete.

*Management: % complete* **100%**

**2008 Recommendation 17**

**That CSD supervisors perform a regular review of files on a sample basis, particularly with respect to informal child care and that these reviews be properly documented on file and within OCCMS.**

**2008 Management Response**

Management agrees with the recommendation.

Children's Services supervisors currently review a sample of files for each subsidy coordinator as part of the Performance Development Process but do not record the results of the review in the client file. Children's Services is targeting Q2 2010 to develop an administrative policy that requires supervisors to record client file reviews in OCCMS and/or within the physical file.

**Management Representation of the Status of Implementation of Recommendation 17 as of September 30, 2010**

A file review checklist, to document regular review of files on a sample basis, has been implemented. Further, a File Review policy has been developed, approved, and implemented.

*Management: % complete* **100%**

**OAG's Follow-up Audit Findings regarding Recommendation 17**

Management has developed a File Review Policy and a File Content Policy for fee subsidy which requires supervisors to "review files regularly on a random sample basis" and to "document review findings". In reviewing files and interviews with staff and management, the review process is undertaken on a random basis. However, the documentation of such reviews is not consistent and there are no particular standards for such documentation. As such, the recommendation cannot be deemed fully implemented.

With respect to the findings of the reviews performed by the supervisors, the policy states that the employee's file should reflect the performance. Although this is helpful and should be done, the overall findings could be shared with all subsidy coordinators on both units so that training can be developed to address issues that are not unique to a particular Subsidy Coordinator. This is an excellent manner in which to develop/update policies and procedures.

With respect to OWCC, the supervisors conduct similar reviews and documents the general findings for discussions at staff meetings. There appeared to be more rigour with respect to the documentation of the findings. However, based upon the findings above, the reviews should be expanded, particularly when an overpayment has been discovered.

*OAG: % complete*

*85%*

### **Management Representation of Status of Implementation of Recommendation 17 as of Winter 2011**

Management agrees with the OAG's follow-up finding.

Children's Services supervisors perform a regular review of files on a sample basis, as recommended.

There is no way to track the reviewed files within OCCMS, as recommended; therefore supervisors keep a running record for case coordinators under their supervision. A narrative is also entered in the notes of the specific file with a note type of "Supervisor - Case Review". In practice outstanding issues identified by supervisors form the basis of on-going training with staff members.

Management agrees that documentation could be more consistent. Going forward supervisors will be required to use a "File Review Checklist". The File Review Policy will be amended to reflect this change by the end of Q3 2011. This policy revision task has been added to the list noted in Recommendation 1.

It should be noted that files are also reviewed for other reasons. The supervisor reviews files when parents call for information, to question their eligibility, or to appeal the subsidy coordinator's decision. Roughly 140 files are reviewed each year by each supervisor in the course of regular work.

*Management: % complete*

*85%*

### **2008 Recommendation 18**

**That CSD ensure that documentation controls be improved to incorporate new forms that include a section for the Case Coordinator's name and signature in order to clearly show the responsible Case Coordinator; and appropriate documentation of any adjustments or changes.**

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**2008 Management Response**

Management agrees with the recommendation.

Children's Services is revising all forms to include the name and signature of the case co-ordinator. Children's Services is targeting Q4 2009 to introduce the revised forms. Children's Services will also develop a documentation requirement policy targeted for completion in Q2 2010.

**Management Representation of the Status of Implementation of Recommendation 18 as of September 30, 2010**

All forms have been revised to include the name and signature of the case co-ordinator. This is reflected in the File Content policy for the Fee Subsidy program and the OWCC Verification Standards policy which was completed for both programs during Q2 2010.

*Management: % complete* **100%**

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**OAG's Follow-up Audit Findings regarding Recommendation 18**

As indicated above, the file checklist for fee subsidy files does not currently contain an area for the Coordinator's name or date(s) that the file is reviewed. In the case of OWCC files, the file checklist does provide dates and initials but does not sufficiently describe the level of completeness that is required for each document. We recommend that management revise the checklist to include these elements and train staff to include this on each file and file review.

*OAG: % complete* **80%**

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**Management Representation of Status of Implementation of Recommendation 18 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

The Child Care Subsidy Unit will amend the Intake/Re-application Checklist to ensure that name and signature of Subsidy Coordinator and the date of review are on the form by the end of Q2 2011.

Management will also inform staff of the appropriate use of the revised checklist.

*Management: % complete* **80%**

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**2008 Recommendation 19**

**That CSD ensure that the policies regarding self-employment and special circumstances for OWCC subsidies be revised to include more rigorous requirements for documentation, particularly with respect to participation.**

**2008 Management Response**

Management agrees with the recommendation.

The provisions of the Ontario Works program have been set by the Ministry of Community and Social Services. Participation agreements are determined between the client and Social Services centre staff. OWCC relies on an active participation agreement to determine client eligibility. OWCC will continue to ensure that a copy of the active participation agreement is present on the physical file.

The Child Care Subsidy program is revising its policy on self-employment including special circumstances and is targeting completion in Q4 2009.

### **Management Representation of the Status of Implementation of Recommendation 19 as of September 30, 2010**

The Self Employment policy has been revised, and is currently available on Ozone.

*Management: % complete* 100%

### **OAG's Follow-up Audit Findings regarding Recommendation 19**

We are of the opinion that this recommendation is not fully implemented and is 80% complete for several reasons. Firstly, the policy regarding special circumstances has not been revitalized. Secondly, the new self employment policy includes provisions that may put the City at risk and needs to be reviewed from a risk based perspective. The self employment policy defines a self employed parent that meets the *"recognized need requirement when the business generates at least the minimum wage in effect during the most recent taxation year, for the number of hours per week as required in the Recognized Need: Full and Part Time Employment CCFS 4.8"*.

In the case of corporations, the Branch's policy is that the owners/directors are employees of the corporation and therefore, must be paid minimum wage to meet the recognized need requirement. We are of the opinion that this interpretation of self employment creates risk for the City. In particular, we note that the policy requires that self employed provide "pay stubs" as proof of income beyond minimum wage. Further, the "recognized need" for self employed has been defined based upon income. That is, if the self employed client does not make minimum wage that the Branch determines that the client does not work enough hours to meet the "recognized need" criteria. This may not be the case. We are concerned with the interpretation and the ultimate outcome. That is, unless the person is earning minimum wage may or may not withdraw fund from their company for tax purposes in different manners. Therefore, the self employed client (with a corporation) could withdraw funds as income at the minimum wage level and meet the recognized need requirement and thus be eligible for fee subsidy. In these situations, the City would be unaware of the funds earned by the corporation and withdrawn by other means. In one file that we reviewed, a self employed person was provided subsidy based upon "pay stubs" that were provided. These documents did not provide sufficient proof that the funds were actually paid nor was the business income verified. From the "recognized need" perspective, we are also concerned with the interpretation that one must receive minimum wage to

“prove” that the person is in fact working the number of hours claimed. Depending upon the type of business, self employed persons are unable to “pay” themselves due to expenses, cash flow and terms of their “contract” with their customers. The person may in fact be working hours well in excess (or below) those outlined in the policy.

The Branch needs to review the self employment policy in light of these risks and perhaps consult with the Province regarding the policy implications. Additional training should be provided to staff with respect to self employment and verification processes and procedures. The Branch should consider requesting a copy of the T2 Corporate Tax Return for those that are self employed with incorporated companies to ensure that the income reported on their T1 tax return and/or pay stubs are in line with each other.

*OAG: % complete* *80%*

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### **Management Representation of Status of Implementation of Recommendation 19 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

The policy regarding self-employment for the subsidy program was revised in December 2009 to include more rigorous requirements for documentation, particularly with respect to participation, however management agrees further improvements can be made and will review and amend the self-employment policy by the end of Q4 2011.

The policies regarding special circumstances for OWCC subsidies will be revised to include more rigorous requirements for documentation, particularly with respect to participation by Q3 2011.

*Management: % complete* *80%*

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### **2008 Recommendation 20**

**That CSD undertake a review of its appeal process to ensure appropriate segregation of duties and to provide the appearance of fairness and transparency.**

### **2008 Management Response**

Management agrees with the recommendation.

Children's Services have reviewed the appeal process to ensure transparency, and will have a supervisor from a different team review files in cases of an appeal. This practice will be effective June 2009 and will be included in the revised appeal policy targeted for completion by Q3 2009.

### **Management Representation of the Status of Implementation of Recommendation 20 as of September 30, 2010**

The revised Fee Subsidy appeal process has been in place since June 2009. The OWCC appeal process has been in place since September 2009. Staff training on the appeal process took place on December 2009 during general staff meetings. To formalize the process, the Fee Subsidy Appeal policy and the OWCC Internal Review and Appeal policy/process was approved by management and posted on Ozone in Q3 2010.

*Management: % complete*

*100%*

### **OAG's Follow-up Audit Findings regarding Recommendation 20**

Management had indicated in its management response to the audit that it would require a supervisor from a different team to review files in cases of appeal of eligibility. The policy that was approved on January 29, 2010 for fee subsidy also requires that the "Alternate Supervisor" handle the case. In cases where the supervisor has determined that, in their opinion, that they were involved in the decision making process with the coordinator, the file would be dealt with by the alternate supervisor. In our opinion, the process would be improved if, in all cases, an alternate supervisor reviews the file to ensure objectivity and the perception of objectivity. That said, it is recognized that the process includes subsequent reviews by different managers and as such this risk is minimized. With respect to OWCC, the appeal policy does not provide for alternate supervisors to perform the appeal as there is only a single OWCC supervisor.

We noted that the appeal tracking tool requires that certain information be tracked such as the reasons for appeal, outcome, whether or not discretion was used and the supervisor that handled the appeal. We found that these fields were not filled out consistently in all cases.

*OAG: % complete*

*90%*

### **Management Representation of Status of Implementation of Recommendation 20 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

Children's Services has reviewed its appeal process to ensure appropriate segregation of duties and ensure fairness and transparency.

Both policy and practice ensures unbiased appeal review through separate individuals. There are three levels of appeal for OWCC and fee subsidy. Simply put, a parent has the opportunity to have the appeal considered by three levels of management.

There is one supervisor in OWCC. Each level of appeal is reviewed in a first instance by the OWCC supervisor and different managers for the two subsequent

steps of the process. OWCC directives pertain to OWCC alone so involving supervisors from other programs is not a valid option. Of note, no OWCC appeals have been received since the inception of the appeal policy.

Management agrees that involving an alternate supervisor in all cases would improve the perception of objectivity of the process. This will be implemented wherever practical, and the policy will be changed to reflect that the alternate supervisor will always receive the appeal, by the end of Q4 2011.

Management also agrees that greater consistency with respect to the use of the tracking tool would be beneficial.

*Management: % complete* **90%**

**2008 Recommendation 21**

**That CSD implement a system of rotation of files to different Case Coordinators.**

**2008 Management Response**

Management agrees with the recommendation.

Management agrees that different staff members should manage active files and has an informal system of rotation. In the case of subsidy co-ordinators, a rotation of files currently occurs at the time the reapplication appointments are set as these are scheduled to the first available subsidy co-ordinator. This, combined with the policies regarding vacations and carryover, in that staff must take their annual vacations do provide adequate controls. With respect to OWCC, both case co-ordinators manage all of the files thereby ensuring adequate controls.

**Management Representation of the Status of Implementation of Recommendation 21 as of September 30, 2010**

This practice was in place at the time of the audit.

*Management: % complete* **100%**

**OAG's Follow-up Audit Findings regarding Recommendation 21**

We agree with management that this recommendation is fully implemented. Management has implemented a new centralized intake process whereby staff are assigned to perform intakes of new clients as well as annual reviews. Therefore, client files are reviewed by different coordinators than were originally assigned. This provides for a fresh look at the client circumstances as well as the documentation in the file.

*OAG: % complete* **100%**

**2008 Recommendation 22**

**That CSD undertake a rigorous approach to policy changes and that the policy review plan be executed in order to reflect recent changes to legislation.**

## **2008 Management Response**

Management agrees with the recommendation.

Consistent with recommendation 1, Children's Services was formalizing a policy development, review and approval process at the time of the audit. As part of this process initiated in May 2008, Children's Services will continue to update and prioritize the list of policies for review and development on an ongoing basis. With the recent realignment of Children's Services in the new Community and Social Services department, the current branch policy development and approval process will be reviewed to see how it can be coordinated within the new departmental structure. Children's Services is targeting the end of Q3 2010 for the completion of the process review.

## **Management Representation of the Status of Implementation of Recommendation 22 as of September 30, 2010**

This recommendation was implemented in Q1 2010 (See Recommendation 1).

*Management: % complete* 100%

## **OAG's Follow-up Audit Findings regarding Recommendation 22**

As discussed in detail in response to Recommendation 1, we are of the opinion that this recommendation is 75% complete. We found that, although a concerted effort was undertaken since 2008 to refresh existing policies and develop policies that were required, the lack of dedicated resources has resulted in delays in completing the policies. With respect to this particular recommendation, policy changes surrounding income testing have not yet been documented in policies. According to the policy and procedure development plan, these policies have been assigned to the Policy and Procedure Committee but have not yet been completed. We are concerned that the process to ensure that policies and procedures are updated is not more rigorous, particularly in light of the fact that responsibility for childcare in the Province of Ontario is being transferred to the Ministry of Education effective January 1, 2011. The Branch needs to be ready for legislative and policy changes and be able to react relatively quickly to ensure that staff understands these changes.

*OAG: % complete* 75%

## **Management Representation of Status of Implementation of Recommendation 22 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

This recommendation will be completed by the end of Q4 2011 as part of Recommendation 1.

*Management: % complete* 75%

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**2008 Recommendation 23**

That CSD explore the elimination of the allocation of fee subsidies to child care agencies in favour of a client based fee subsidy system.

**2008 Management Response**

Management agrees with this recommendation.

In April 2009, City Council approved the Child Care Fee Subsidy Stabilization Plan - Phase 1 (ref. ACS2009-COS-SOC-0003). Among other issues, the Plan examined the benefits and drawbacks of each allocation system and ultimately recommended implementing a fee subsidy stabilization plan using the current Council approved system of fee subsidy distribution in Ottawa. The Plan also proposes the introduction of portable spaces as part of Phase 2 of the fee subsidy stabilization plan to add flexibility and responsiveness in the current system. Consideration will be given to directing retrieved funds not used for the indexation of rates and any future funding for subsidized child care towards client based portable spaces. Phase 2 is targeted for completion in Q1 2010 with a report to Committee and Council. That report will include a comparison and assessment of different municipal subsidy systems (i.e., parent-based versus provider-based) and take into consideration the impact of the recent announcement respecting full day early learning and care for 4 and 5 year olds.

**Management Representation of the Status of Implementation of Recommendation 23 as of September 30, 2010**

Phase 2 of the Fee Subsidy Stabilization Plan is on hold pending the consequences of full-day kindergarten on the local child care system. This was approved by Council on June 24, 2010. At the direction of the Ministry of Education, the subsidy is to follow the child as it pertains to subsidies for the Ministry of Education's "Extended Day Program," as of September 1, 2010.

*Management: % complete* *50%*

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**OAG's Follow-up Audit Findings regarding Recommendation 23**

We agree with management that this recommendation is 50% complete. The transition to "client based" fee subsidies is occurring naturally with the transition to full-day kindergarten. The challenge for the Branch will be to track these spaces during the transition as OCCMS does not do this without some manual intervention. The full extent of the transition to full-day kindergarten will not be known for several years. As indicated by management, the Ministry of Education has directed that the subsidy is to follow the child.

*OAG: % complete* *50%*

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### **Management Representation of Status of Implementation of Recommendation 23 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

Further exploration of the allocation of fee subsidies to child care agencies in favour of a client based fee subsidy system is pending evaluation of the impact of full-day kindergarten on the childcare system.

*Management: % complete* *50%*

### **2008 Recommendation 24**

That CSD undertake an updated demographic analysis of the child care requirements.

### **2008 Management Response**

Management agrees with this recommendation.

Children's Services is presently conducting a demographic analysis using the 2006 Statistics Canada census information. Children's Services is also revising the methodology to be used to analyze the Francophone demographic using the same statistical information. Phase 2 of the Child Care Fee Subsidy Stabilization Plan calls for this analysis to be completed every five years to coincide with the release of new Statistics Canada data. Phase 2 is targeted for completion in Q1 2010 with an information report to Committee and Council.

### **Management Representation of the Status of Implementation of Recommendation 24 as of September 30, 2010**

The demographic analysis has been completed.

The management response noted that in addition to completing the demographic analysis, an information report would be presented to Committee and Council. However, on June 24, 2010, Council directed that Phase 2 of the Child Care Fee Subsidy Stabilization Plan be put on hold in order to evaluate the impacts of the Full Day Early Learning program on community child care operators; therefore, the details of the analysis was not presented.

*Management: % complete* *100%*

### **OAG's Follow-up Audit Findings regarding Recommendation 24**

We agree with management that this recommendation is fully implemented. The Branch undertook a demographic study of the demand for childcare services by region, by language and by age of child. This information was displayed in numeric and graphical form. Management indicated that it would update these demographics base upon the 2011 Census data.

*OAG: % complete* *100%*

**2008 Recommendation 25**

That CSD ensure that the analysis of subsidized spaces include francophone and anglophone demographics on a regular basis.

**2008 Management Response**

Management agrees with this recommendation.

Children's Services has been reviewing Francophone and Anglophone funding distribution on an annual basis since 2005 in order to meet Council's direction with respect to the Francophone Catch-up Plan. As mentioned in the response for recommendation 24, Phase 2 of the stabilization plan calls for a demographic analysis to be completed every five years to coincide with the release of new Statistics Canada data. Phase 2 is targeted for completion in Q1 2010 with an information report to Committee and Council.

**Management Representation of the Status of Implementation of Recommendation 25 as of September 30, 2010**

The Francophone demographic analysis has been completed. This was reported on in the Child Care Service Plan that went to CPS committee on June 29<sup>th</sup> and to Council on July 14<sup>th</sup>. Another review will be undertaken after the next census in 2011.

*Management: % complete* **100%**

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**OAG's Follow-up Audit Findings regarding Recommendation 25**

We agree with management that this recommendation is fully implemented. As indicated in Recommendation 25, the Branch undertook a demographic study of the demand for childcare service by region by language. Each service area was analyzed for francophone requirements and the type of service provided.

*OAG: % complete* **100%**

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**2008 Recommendation 26**

That CSD undertake a review of the agencies providing bilingual services to determine if these agencies are providing adequate francophone services.

**2008 Management Response**

Management agrees with this recommendation.

Children's Services had identified in its workplan the need to develop a criteria-based designation mechanism to recognize the provision of quality Francophone child care programs. The designation process currently being developed in consultation with the child care community will include a review of child care programs using established criteria. The new process is targeted for implementation in Q4 2009.

### **Management Representation of the Status of Implementation of Recommendation 26 as of September 30, 2010**

The review of child care programs is complete. The designation mechanism has been developed and through consultation with the child care community, the "French Language Designation of Licensed Child Care Programs" policy has been established in order to recognize the provision of Francophone child care programs in the City.

*Management: % complete* *100%*

### **OAG's Follow-up Audit Findings regarding Recommendation 26**

We agree with management that this recommendation is fully implemented. The policy is comprehensive, provides a "certification" process as well as a "re-certification" process. The policy was designed with input from all key stakeholders and was embraced.

*OAG: % complete* *100%*

### **2008 Recommendation 27**

**That, should the current approach to subsidy allocation be retained, CSD review the budgetary processes to reduce the burden on the child care agencies and streamline the process to reduce the timeframe for approval and that final approved copies of budgets be placed on the agency files.**

### **2008 Management Response**

Management agrees with this recommendation.

For the 2009 Purchase of Service budget process, Children's Services has developed a more efficient and streamlined process. The new process documents decision-making and funding adjustments. The required supporting documentation is analysed and correlated to the budget approval process.

As part of the City Council approved Child Care Fee Subsidy Stabilization Plan - Phase 1 and new Fee Subsidy Management Policy, Council approved the staff recommendation for the development of the Child Care Service Provision Price Index (CCSPPI). The price index identifies changes in costs that affected the provision of child care services in Ottawa over the previous twelve months and will determine the annual Purchase of Service rate increase beginning with the 2010 budget process. The CCSPPI increase for 2010 will be announced in September 2009.

As the amount of each agency's increase to operating expenses is now pre-calculated using the CCSPPI, the budget process will require that the agency identify the expense distribution of any new funding. Agencies will have the option to accept the indexed per diem rate(s) calculated automatically or submit revised

daily rates that respect the total amount of approved expenses. The 2009 User Guidelines have been updated to reflect the new budget approval process.

This updated budget process will allow Children's Services to finalize the 2010 budget process by Q4 2009, apply new per diem rates beginning January 2010 and ensure final approved copies of budgets are placed on the agency physical and electronic files. Child care agencies can now plan budgets in a predictable environment knowing that the City will provide annual rate increases to be paid at the start of each year.

### **Management Representation of the Status of Implementation of Recommendation 27 as of September 30, 2010**

Implementation of this recommendation is complete:

- The 2009 budget process was executed with revised budget templates, and determination of the CCSPPPI was completed in October 2009.
- The CCSPPPI resulted in an increase of 2% in the annual Purchase of Service rate increase for 2010. This was announced to agencies in November 2009.
- Streamlined budget templates were revised and implemented in 2009.
- The 2010 budget process was implemented following the approval of the 2010 municipal budget.

***Management: % complete*** ***100%***

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### **OAG's Follow-up Audit Findings regarding Recommendation 27**

The Branch significantly improved the budgetary process since 2008 with the introduction of Child Care Service Provision Price Index (CCSPPI). However, as mentioned in the 2008 audit, the practice is unique to the City of Ottawa. Over the next several years, the practice will likely change or be eliminated as subsidized spaces follow the child. The wage subsidy process has also been streamlined with improvements to the spreadsheets and reconciliation process. Staff and management make improvements to forms each year and we note that these improvements have not only made the process more streamlined, the changes have resulted in improved controls.

***OAG: % complete*** ***100%***

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### **2008 Recommendation 28**

**That CSD supervisors take a more rigorous approach to quality assurance and review of budget files to ensure consistency of application and treatment of child care providers.**

### **2008 Management Response**

Management agrees with this recommendation.

Children's Services is currently developing a framework for Purchase of Service funding initiatives and budget file reviews that will include quality controls mechanisms, procedures and tools to ensure consistency. Completion is targeted for the end of Q4 2009.

**Management Representation of the Status of Implementation of Recommendation 28 as of September 30, 2010**

Implementation of this recommendation is in progress. The full review of 2009 Purchase of Service budget files will be completed by the end of Q4 2010. The review will allow staff to determine the essential elements of the framework. The framework for Purchase of Service funding initiatives and budget file reviews will be in place by the end of Q2 2011. The framework will include quality controls mechanisms, procedures and tools to ensure consistency.

*Management: % complete* *50%*

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**OAG's Follow-up Audit Findings regarding Recommendation 28**

We agree with management that this recommendation is 50% complete. Management has undertaken a detailed review of the 2009 budget files and is in the process of documenting the policies and procedures. Management plans to continue this process for 2010 files with the view to provide feedback to the Childcare Specialists. We did note that the files did not contain consistent documents or information. We understand that management intends to include these requirements in policy but these policies are still under construction.

*OAG: % complete* *50%*

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**Management Representation of Status of Implementation of Recommendation 28 as of Winter 2011**

Management agrees with the OAG's follow-up audit finding.

The framework for Purchase of Service contracts will be completed by the end of Q4 2011.

*Management: % complete* *50%*

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## 4 SUMMARY OF THE LEVEL OF COMPLETION

1. The table below outlines our assessment of the level of completion of each recommendation as of December 31, 2010.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	-	-	-
ACTION INITIATED	25 – 49	-	-	-
PARTIALLY COMPLETE	50 – 74	2, 23, 28	3	11%
SUBSTANTIALLY COMPLETE	75 – 99	1, 3, 7, 8, 10, 12, 14, 15, 16, 17, 18, 19, 20, 22	14	50%
COMPLETE	100	4, 5, 6, 9, 11, 13, 21, 24, 25, 26, 27	11	39%
TOTAL			28	100%

2. The table below outlines management's assessment of the level of completion of each recommendation as of Winter 2011 in response to the OAG's assessment. These assessments have not been audited.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	-	-	-
ACTION INITIATED	25 – 49	-	-	-
PARTIALLY COMPLETE	50 – 74	2, 23, 28	3	11%
SUBSTANTIALLY COMPLETE	75 – 99	1, 3, 7, 8, 10, 14, 15, 17, 18, 19, 20, 22	12	43%
COMPLETE	100	4, 5, 6, 9, 11, 12, 13, 16, 21, 24, 25, 27, 27	13	46%
TOTAL			28	100%

## 5 CONCLUSION

The Children's Services Branch has made significant progress in many areas, particularly with respect to file content and documentation standards. The staff and management were well engaged in the policy and procedure development process and were appreciative of the opportunity to be involved and make change. However, both staff and management expressed concern regarding the resources required to develop policies and procedures and the ability for staff to be objective in their development. It was recognized, and we agree, that it is very difficult to be objective when one performs the duties each day over several years. The policies

and procedures that have been developed by staff and management since 2008 need to be reviewed by an objective source to ensure that no gaps exist and that all legislative and provincial policies are appropriately reflected. This analysis could be undertaken within the Branch from a different program or from outside the Branch altogether. It is important, however, that staff and management be permitted to provide input and feedback throughout the process. We also noted that the policies and procedures do not contain description of processes in order to ensure that each step is undertaken on a file in a consistent manner. We recommend that the policies and procedures be supplemented with process maps with associated decision points, roles and responsibilities.

A review of the self-employment policy should be undertaken to ensure that the City is assessing income adequately in all cases. Similarly, the newly documented appeal policies and processes require further review to ensure clarity.

With respect to training, the Branch has undertaken a training program in the fee subsidy program that is currently being evaluated to ensure its comprehensiveness. A similar approach should be undertaken with the other programs.

The Ontario Works Child Care (OWCC) receipt process has much improved since 2008 with the introduction of the new electronic receipt. The result is a much improved approach. The review of the receipts on an ongoing basis will be helpful in identifying any further changes required in the future.

The Branch's relationship with Employment and Financial Assistance (EFA) (which became Social Services Operations Branch) has improved and participation agreements with OWCC clients are generally current. However, the meetings that were to occur between EFA and the Branch have not been regular to ensure that information is shared. The Branch has issued payments to clients in a few cases where activities were not up to date and documented. We recommend that a long term, semi-annual schedule be developed and adhered to.

Finally, the introduction of full day kindergarten has had significant, long term impacts on the delivery of childcare services in the province and the City. The newest directives require that the fee subsidies follow the child rather than be assigned to childcare agencies. Consequently, the City's approach to fee subsidies is naturally changing to a child based subsidy approach. This will mean changes in the manner in which the City operates as well as the agencies. The current budget process will continue to change. That being said, in the interim, the Branch has made some significant changes to the budgetary process with Purchase of Service childcare agencies. Although some complications remain, the introduction of the Child Care Service Provision Price Index (CCSPPI) has significantly simplified the process and has shortened the timeframe for budgetary approval.

Although the Branch has some work to do, particularly in the policy and procedure development area, there has been significant progress. The Branch has been

tracking this progress and recognizes the areas that are still under development. We recommend that this improvement process continue and that the Branch include a progress report at each Branch meeting.

## **6 ACKNOWLEDGEMENT**

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.