

Independent Practitioner's Assurance Report

To Mayor and Members of Council of the City of Ottawa:

We have undertaken a reasonable assurance, direct engagement of the directly operated municipal child care centre services (directly operated child care centres), of the City of Ottawa (COO) for the period from January 1 to December 31, 2023.

Engagement Objective and Criteria

The objective of our engagement was to independently evaluate the operations of directly operated child care centres to determine whether it uses provincial funding efficiently and effectively. As part of our engagement, we also considered whether directly operated child care centres could be more efficiently offered by third party providers.

To conclude on our objective, we evaluated directly operated child care centres against the following criteria—which we sourced from the Canada-wide Early Learning and Child Care (CWELCC) policy objectives for the Province of Ontario:

- 1) **Quality** - The directly operated child care centres deliver quality child care.
- 2) **Accessibility** - The directly operated child care centres ensure services and spaces are accessible (in the meaning of the CWELCC Agreement and other relevant requirements).
- 3) **Affordability** - The directly operated child care centres deliver affordable services, in accordance with CWELCC requirements for phased fee reductions.
- 4) **Inclusivity** - The directly operated child care centres ensure programming and learning are inclusive.
- 5) **Fiscal Sustainability** - The directly operated child care centres are fiscally sustainable within the committed funding sources.

Management's Responsibility

Management of the City of Ottawa Children's Services is responsible for the planning, funding, delivery, and monitoring of directly operated child care centres, including the operation of its 10 municipal child care centres, in accordance with all governing legislation, regulation, and policy. Management is also responsible for such internal control as management determines necessary to enable delivery of directly operated child care centres which is free from significant deviation from the engagement criteria.

Our Responsibility

Our responsibility is to independently conclude on the directly operated child care centres against our engagement criteria and objective. We conducted our assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3001, *Direct Engagements*. This standard requires that we plan and perform this engagement to obtain assurance about whether the directly operated child care centres are efficient and effective.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant deviation from the engagement criteria when it exists. Deviations can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of significant deviation in directly operated child care centres and involves obtaining evidence about how management plans, funds, delivers, and monitors directly operated child care centres relative to our engagement criteria.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Basis for Our Conclusion

The conclusions against our engagement criteria include the following:

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| Quality | Directly operated child care centres provide quality care and early education to the children in its care, including effectively applying the “ <i>How Does Learning Happen?</i> ” pedagogy of the Government of Ontario through a skilled team of Registered Early Childhood Educators. |
| Accessibility | Directly operated child care centres are focused on providing accessible services to children and families with a diverse range of accessibility needs, including making physical and programming accommodations to fit any child’s unique accessibility needs and in evaluating where centres are located to most optimally serve the communities and children they intend to serve. |

- Affordability** Directly operated child care centres have implemented phased fee reductions in accordance with the *Canada-wide Early Learning and Child Care* system requirements.
- Inclusivity** Directly operated child care centres deliver inclusive services and ensures inclusive care and learning environments for the children and families it services, including the use of Inclusion Pedagogists, focused training, and regular monitoring to ensure environments and programming make all children feel welcome and included.
- Fiscal Sustainability** Directly operated child care centres have managed the incremental resources entrusted to it by the City of Ottawa, while focusing on keeping growth of cost per child per day contained across three years we examined. We also found the City continues to see value in the centres through its support for centre relocation initiatives.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion

In our opinion, based on the evidence we have obtained in evaluating against our engagement criteria, the City of Ottawa directly operated child care centres have, in all significant respects, achieved efficiency and effectiveness in its delivery of licensed child care and early education. We did not identify any evidence suggesting that third-party providers could deliver child care at the same level of Quality, Accessibility and Inclusivity, in a more efficient manner.

Observations and Recommendations

As part of completing our independent assurance engagement on directly operated child care centres, we were also required by the *Ontario Child Care and EarlyON Child and Family Centres Service Management and Funding Guideline 2024 – Section 2* to report any recommendations for improvement.

We provide our observations and recommendations in the pages that follow our Independent Practitioner’s Assurance Report. Our observations do not constitute significant deviations and do not alter or modify our conclusion provided above.

Deloitte LLP

Chartered Professional Accountants
Ottawa, Ontario
October 9, 2025

Observations and Recommendations

We provide observations and recommendations to fulfill the requirements as outlined in the Ontario Ministry of Education’s “*Ontario Child Care and Early ON Child and Family Centres Service Management and Funding Guideline 2024*”—Section 2: Ministry Business Practice Requirements. These observations *do not constitute significant deviations* from our assurance engagement criteria and do not impact the engagement conclusion. Therefore, they are provided separately from the body of our independent practitioner’s assurance report, in accordance with the applicable assurance standard: CSAE 3001.

Table 1: Criteria, Observations and Recommendations

Criteria	Observations	Recommendations
Quality	City of Ottawa Municipal Child Care (MCC) has a policy for records management and documentation; however, this policy only covers contents of staff files and does not speak to contents of children’s files. MCC also has a policy for admissions which speaks to the documentation required in a child’s file at admission, but does not speak to how a child’s file documentation should be maintained and updated across the period of care or the contents of the electronic files in the Lillio childcare application.	<p>Develop child records standard operating procedure:</p> <p>Develop a standard operating procedure to clarify requirements and expectations for both physical and electronic children’s files. Clearly define the mandatory contents required by regulation and other types of documentation, maintenance procedures, and update frequency for children’s records throughout their period of care. Ensure the policy covers documentation for both paper records covering regulatory requirements and electronic systems (such as Lillio) to promote consistency, compliance, protection and safeguards of sensitive child information, and data integrity.</p>

Criteria	Observations	Recommendations
Quality	MCC has a policy for compliance and monitoring; however, this policy does not discuss the roles and responsibilities of MCC’s central management <i>Support Team</i> in compliance monitoring.	<p>Clarify MCC support team roles and responsibilities in standard operating procedure: Clearly define the roles and responsibilities of the MCC central management <i>Support Team</i> in key compliance and monitoring activities over the City’s child care centres in a standard operating procedure or guidance.</p>
Quality	While evidence of key monitoring activities is available in some form, records of this monitoring are inconsistently tracked and not centrally maintained as an evidence-base of MCC management’s key monitoring activities at each centre.	<p>Centralize oversight and monitoring records: Establish a standardized process for documenting and centrally storing evidence of all key monitoring activities across centres. Implement a centralized repository—either digital or physical—accessible to authorized personnel, and require staff to consistently upload or file monitoring records.</p>
Quality	MCC documentation and guidance refers to staffing ratios but does not clearly state what the required ratios are or where they can be found in regulation.	<p>Document regulated staff-to-child ratios in key documents: Revise relevant guidance documentation, including Parent Handbook, to identify the source of regulated staff-to-child ratios (O. Reg. 137/15 – Schedule 1) and where ratios can be found within licensing documents posted at each centre.</p>
Quality	MCC management has developed a process to track staff PD and course attendance centrally; however, the consistency of the documentation and tracking has been evolving since its implementation. Specifically, consistently noting the date or dates the course was delivered and the staff who attended should be consistently documented.	<p>Enhance tracking of staff PD and training: Continue to enhance the central tracking processes for documenting staff professional development (PD) and course attendance. Ensure all course offerings and PD are consistently tracked by date and staff attending to ensure accurate monitoring of professional development.</p>

Criteria	Observations	Recommendations
Accessibility	<p>The concept of accessibility is foundational and widely dispersed in how child care centres are operated. However, no single, discrete, complete definition of the term is provided in key COO policy and strategy documentation to guide what accessibility means to MCC at its centres.</p> <p>MCC does not have a specific Accessibility policy or guidance document outlining what features would be needed for centres. It draws guidance from provincial legislation and building codes.</p>	<p>Develop an accessibility policy: Develop and adopt an Accessibility policy that provides a clear definition of accessibility, tailored to municipal child care centres that is aligned with its mandate. The policy should outline standards, expectations, and procedures for promoting accessibility across all programs and services, supporting both compliance and existing leading practices.</p>
Accessibility	<p>MCC has a policy governing its waitlist processes. However, two of the prioritization criteria ("families with additional support needs" and "those who benefit from inclusive care environments") are worded ambiguously and further definitions and guidance as to how to use them are not provided in the policy document. The policy, and related guidance, is currently out of date given recent process changes resulting from CWELCC adoption.</p> <p>The prioritization tool used until the end of 2024 scores applicants according to three main categories—which tie to city priorities for licenced child care: Financial, Employment, and Other Priority factors (which include accessibility and inclusivity scores for one-parent families, children with special needs, Indigenous children, parents/families with documented illnesses). Due to the strong correlation between employment and financial factors, the scoring may overweight towards income and employment factors over developmental, accessibility social and demographic factors.</p>	<p>Update Admission and Discharge (waitlist) policy: MCC is in the process of updating the policy and City of Ottawa Children’s Services is in the process of updating its prioritization processes. MCC should complete the work currently underway to update and implement the waitlist policy and guidance to reflect new processes resulting from CWELCC funding changes.</p>

Criteria	Observations	Recommendations
Accessibility	MCC is aware of two of its ten centres which have some degree of physical accessibility limitations. Mitigations are in place to align children with accessible facilities through admission processes.	<p>Explore more permanent solutions to address the accessibility limitations:</p> <p>MCC, along with the City of Ottawa Children’s Services, should develop a plan to retrofit or prioritize developing business cases required to recommend replacing centres with known physical accessibility barriers.</p>
Affordability	We identified uncorrected errors in billing samples related to the December 2022 to early-2023 CWELCC daily fee reduction. It was noted that MCC implemented the daily fee reductions; however, when applying the changes in their billing system, MCC had to manually review and process adjustments and credits to ensure the correct fee was applied retrospectively.	<p>Review transactions to identify all overbilling errors:</p> <p>Complete a review of all billing transactions, including subsidy billing, in the three months surrounding all recent daily fee changes (2022/23, 2023/24) to ensure there is no remaining overbilling errors. Develop preventative and detective controls, as appropriate, to ensure overbilling errors are avoided in future fee changes.</p>
Inclusivity	While Indigenous families and children are noted as a priority group for services and a key focus of training and service provision, discussion of Truth and Reconciliation concepts or Calls to Action are not made directly in relevant policy and guidance.	<p>Include explicit reference to Truth and Reconciliation:</p> <p>Review existing policies, guidance, and procedures to identify where reference Truth and Reconciliation concepts and applicable Calls to Action can be introduced to ensure existing organizational commitments and services supporting Indigenous families and children are explicitly articulated.</p>
Fiscal Sustainability	Financial recording of provincial CWELCC grant streams into existing revenue accounts was inconsistent between 2022 and 2024 due to new funding streams coming online across that period, requiring reconciliation between accounts to ensure comparability of funding year-on-year.	<p>Develop guidance for classifying provincial funding:</p> <p>Develop and implement guidance for the classification of different provincial funding streams within existing revenue accounts to ensure funding and revenue streams are comparable year-to-year and parent fees are clearly separated from other revenue streams.</p>