

3.05–Violence Against Women Program

BACKGROUND

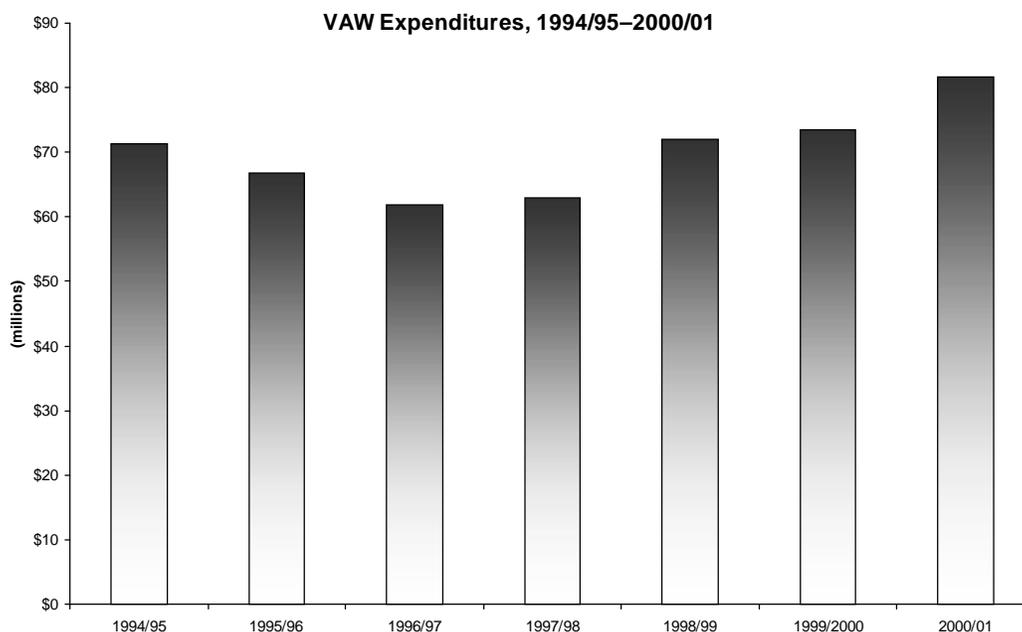
Under the provisions of the *Ministry of Community and Social Services Act*, the Violence Against Women (VAW) program funds transfer-payment agencies that provide women who have experienced violence or abuse and their children with safe shelter and other support services. Any woman who identifies herself as having been physically or emotionally abused is eligible for these services.

The Ministry's VAW program is a component of the government's Violence Against Women Prevention Initiative, which is delivered by ten provincial ministries, including the Ministry of Community and Social Services, and is co-ordinated by the Ontario Women's Directorate.

Total spending for the initiative was budgeted at \$135 million for the 2000/01 fiscal year, of which \$82 million was spent by the Ministry of Community and Social Services. Of that amount, the Ministry provided approximately \$64 million to nearly 100 community-based, non-profit agencies that operated shelters giving temporary accommodation and security to approximately 15,000 women and 13,000 children during the year. These agencies also provided various other support services such as counselling, childcare, and emergency transportation.

The Ministry also provided approximately \$18 million during the 2000/01 fiscal year to over 100 other community-based, non-profit agencies that did not operate a shelter but provided such services as counselling, violence prevention, and public-education programs.

Total program expenditures for the seven years since we last audited the program are detailed in the following graph.



Source of data: Ministry of Community and Social Services

Program policies and procedures are established by the Ministry's head office. The Ministry's nine regional offices oversee funding and program delivery for the agencies in their respective jurisdictions. Although the VAW program is delivered by community-based agencies, the Ministry is responsible for ensuring that program services are being delivered as intended and in a cost-effective manner.

AUDIT OBJECTIVES AND SCOPE

The objectives of our audit of the Ministry's administration of the VAW program were to assess whether the Ministry had adequate policies and procedures in place to:

- monitor the services provided by its transfer-payment agencies to assess whether or not they were meeting the Ministry's expectations; and
- ensure that payments to transfer-payment agencies were reasonable and adequately controlled.

The scope of our audit work included a review and analysis of relevant ministry files and administrative policies and procedures as well as interviews with staff at the Ministry's head office and three regional offices. We also visited several women's shelters to gain a better understanding of the services provided and to review selected procedures.

Our audit work covered the period up to March 31, 2001, with emphasis on expenditures during the 1999/2000 and 2000/01 fiscal years. Our audit work was conducted in accordance with the standards for assurance engagements encompassing value for money and compliance, established by the Canadian Institute of Chartered Accountants, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Prior to the commencement of our audit, we identified the audit criteria that we would use to conclude on our audit objectives. These were reviewed with and agreed to by senior ministry management.

We could not rely on the work of the Ministry's Comprehensive Audit and Investigation Branch to reduce the extent of our work because the Branch had not issued any audit reports on the VAW program during the last three years.

OVERALL AUDIT CONCLUSIONS

We concluded that the Ministry was not adequately monitoring or assessing the services provided by program-funding recipients to determine whether they were meeting its expectations. The Ministry's practices and procedures did not ensure that the services being provided were of an acceptable and consistent quality standard across the province or that they represented value for money spent.

The two following examples illustrate areas where quality standards for services provided were not met or were inconsistently applied:

- Staff at one of the shelters we visited advised us that over 1,000 women and children had been turned away during the year 2000. In that regard, we also noted that a ministry survey indicated that, at eight of the Ministry's nine regional offices, women and their children were turned away from VAW shelters and were redirected to shelters for the homeless during the year 2000, even though the Ministry acknowledged that homeless shelters do not provide appropriate supports for abused women and their children.
- Agencies we visited acknowledged that waiting times for counselling services were lengthy. In that regard, the ministry survey mentioned above found that waiting times for counselling services frequently ranged from three to six months.

These examples indicate both a capacity issue with the agencies that deliver services and a need for the Ministry to ensure that service standards are acceptable.

We also concluded that the Ministry's policies and procedures were not adequate to ensure that transfer payments to agencies providing services under the VAW program were reasonable and adequately controlled for the following reasons:

- The amount of funding provided to the program agencies was not based on an assessment of what costs would be reasonable for the services to be provided. As a result, the costs of similar services varied significantly among agencies. For example, we found that the average cost per person per day of residential care in a shelter ranged from \$47 to \$658, a range which the Ministry could not explain.

Our work indicated that the Ministry's method of funding did not ensure appropriate and equitable funding for shelters that was clearly linked to an assessed level of demand and to services provided in the respective communities.

- The Ministry's annual process for reconciling actual expenditures against funds provided was deficient in identifying inappropriate or ineligible expenditures by agencies as well as ministry funding surpluses that should have been recovered.

We addressed similar concerns in our *1997 Annual Report*, in the section on Governance and Accountability of Transfer Payment Recipients. We noted that our recommendation that the Ministry critically assess requests for funding and ensure that the amounts approved are commensurate with the demand for services and the actual services provided had not been implemented with respect to the VAW program.

DETAILED AUDIT OBSERVATIONS

MONITORING OF SERVICES PROVIDED

Service Quality Standards

The Ministry needed to ensure that the type and quality of the services provided by its transfer-payment recipients are acceptable and reasonably consistent and that those services represent value for money spent. To accomplish this, it is essential that the Ministry communicate to transfer-payment recipients its expectations and standards for the quality of services to be provided and decide how and to what extent compliance with those expectations and standards is to be monitored.

In our *1994 Annual Report*, we noted that, other than a minimum staff-to-bed ratio for VAW shelters, the Ministry had not developed any standards, service directives, or guidelines for services to be provided under the VAW program. As a result, we recommended that the Ministry develop such standards and monitor agencies' performances against them on a regular basis. The Ministry had agreed with this recommendation and indicated that it would establish clear service expectations and monitor their achievement.

However, the Ministry's earlier commitment notwithstanding, we again found that the Ministry had not developed any standards for services provided under the VAW program. In fact, the only standard in place at the time of our audit in 1994 was discontinued in 1995.

Although establishing and monitoring service standards for the diversity of services offered under the VAW program is a difficult task, there are many areas where common service standards would be applicable to most agencies. These include:

- definitions of core services;
- minimum staffing levels and staff qualifications;
- admission criteria;
- acceptable waiting times;
- physical security; and
- service co-ordination with other service providers such as Children's Aid Societies.

In the absence of standards, our observations with respect to each of these areas are detailed below.

Core Services: Prior to 1995, the Ministry defined the core services to be provided by VAW shelters as: shelter and safety; crisis intervention, counselling and support to women and their

children; administration; children's support worker; emergency transportation; and crisis telephone services.

Although the Ministry is still committed to the provision of these core services, it acknowledges that, due to funding constraints, some shelters may not be able to provide all of them anymore. However, the Ministry had no system in place to determine the extent to which these services were or were not being provided and therefore whether or not the services should have been reflected in funding allocations.

One of the recommendations resulting from the April 2001 inquest into the death of Jordan Heikamp, an infant who died in a VAW shelter, was that a policy should be developed to clarify the services a shelter does and does not offer.

Minimum Staffing Levels and Staff Qualifications: Although having sufficient numbers of staff is often necessary to ensure a reasonable level of service, especially within shelters, the Ministry had not assessed the sufficiency of shelter staffing levels since the 1995/96 fiscal year when it eliminated its standard of a minimum staff-to-bed ratio.

In addition, the Ministry had no standards or expectations in place regarding the qualifications or training of agency staff. At the time of our audit, determining those requirements was the responsibility of the agencies themselves. During our visits to shelters, we found that qualifications for key staff such as counsellors ranged from having related university degrees to no educational qualifications whatsoever.

In that regard, we noted that a recent ministry operational review of a shelter that had provided poor service recommended that the agency engage only qualified or trained staff.

Admission Criteria: Criteria for admission to VAW programs had not been communicated, and the Ministry's regional offices did not monitor the extent to which services were provided only to eligible individuals. In that regard, a research report completed in 2000 by a shelter association estimated that approximately 7% of women in VAW shelters were not abused and therefore should not have been in a VAW shelter.

Acceptable Waiting Times: Although prompt access to VAW services is often a primary determinant of their ultimate success, the Ministry has not established acceptable waiting times for services and does not regularly track information about waiting times.

In a one-time ministry survey of all regional offices in the fall of 2000, eight of the Ministry's nine regional offices reported that women and their children were turned away from VAW shelters and were redirected to shelters for the homeless during the year, even though the Ministry acknowledged that homeless shelters do not provide appropriate supports for abused women and their children. Staff at one of the shelters we visited advised us that over 1,000 women and children had been turned away during that year.

The survey also found that waiting times for counselling services frequently ranged from three to six months.

Physical Security: One of the primary objectives of the VAW program is to provide women and their children with a safe place to escape from violence. However, the Ministry had not established any standards for the physical security of shelters or for operational policies and procedures intended to promote safety. For example, we noted an instance where a VAW

shelter was situated across the street from the district jail, a location that the Ministry indicated as being inappropriate.

Service Co-ordination: VAW service providers regularly interact with other service providers such as Children's Aid Societies (CASs) and the police.

Shelters and other service providers may have differing views of how certain situations are best handled. For example, while the CAS is primarily focused on the well-being of children, shelters advocate for abused women and their children, and the Ministry acknowledged that the two sectors sometimes have contrary views about remedies to situations of potential harm to involved children.

The Ministry has recognized the importance of a VAW/CAS protocol for the provision of their respective services and, in 1998, formed an advisory committee for the development of such a protocol with representatives from both sectors. Although the protocol was to be implemented in late 1999, at the time of our audit in March 2001, it was still not finalized. We noted that some shelters had delayed the development of their own protocols in anticipation of the provincial model.

Recommendation

To ensure that services provided by all transfer-payment agencies under the Violence Against Women program are of an acceptable and reasonably consistent quality standard and that they represent value for money spent, the Ministry should:

- **establish and communicate its expectations for acceptable quality standards of service in each of the following areas: core services to be provided; minimum staffing levels and staff qualifications; admission criteria; acceptable waiting times; the physical security of shelters; and service co-ordination with other providers; and**
- **periodically assess whether the services provided by agencies are meeting ministry expectations and take appropriate corrective action if necessary.**

Ministry Response

The Ministry acknowledges the need to develop a reasonable level of standardization across the Violence Against Women program in order to be more accountable for the value of the services purchased from agencies and to ensure consistent, quality service to recipients while maintaining the ability to respond to local needs. In developing and monitoring local Violence Against Women service systems and contracting with agencies, the Ministry will take into consideration the Provincial Auditor's concerns with respect to core program standards and agency performance by:

- ***ensuring that core services are consistently reflected in agency budget submissions, service descriptions, and data elements;***

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- ***reviewing program staffing levels in agencies and assessing the feasibility of developing a program guideline regarding staffing levels and core competencies; and***
 - ***periodically assessing services to determine that they are meeting ministry expectations.***

Quarterly Reporting

To monitor transfer-payment agencies' service delivery and expenditures during the year and to gather information for effective service planning, the Ministry requires the agencies to submit quarterly reports comparing actual to budgeted expenditures and providing information about services provided such as the number of days of residential care or number of hours of counselling. The Ministry also requires agencies to highlight and explain the reasons for planned-to-actual variances greater than 10% and to suggest an appropriate course of action.

Ministry regional office staff are expected to review the quarterly reports received and ensure that any corrective actions needed with respect to expenditures or service delivery are taken on a timely basis.

However, we found that the quarterly reporting process did not enable the Ministry to sufficiently monitor agencies' expenditures and service delivery for the following reasons:

- Agencies had insufficient ministry direction on how to report information about the services they provided. For example, which activities are to be reported under each quarterly-report service category has not been adequately communicated to service-delivery agencies. As a result, the information they did report was not consistent or detailed enough to serve the Ministry's purpose in collecting it.
- Many of the quarterly reports contained information that was internally inconsistent, incomplete or, in our view, otherwise questionable. For example:
 - one agency's quarterly reports indicated that it had planned to provide 3,900 hours of telephone crisis counselling for each of the 1998/99 and 1999/2000 fiscal years, even though the reports also indicated that it had actually provided over 70,000 hours of telephone crisis counselling in each of those two years. Although the number of hours actually provided in the 2000/01 fiscal year were not available at the time of our audit, we noted that the agency had again indicated that it planned to provide 3,900 hours of telephone crisis counselling annually.
- Many of the quarterly reports we reviewed did not highlight and explain the reasons for large variances or suggest an appropriate course of action as required.
- In most instances, we found no evidence to indicate that the Ministry had appropriately reviewed the quarterly reports it received or followed up to ensure that any necessary corrective action was being taken. For example, in the 1999/2000 fiscal year, one shelter reported being 51% under target for the number of days of residential care provided, 21% under target for the number of women served, and 37% under target for the number of children served. We found no evidence that the Ministry had even identified these issues as warranting follow-up or assessment as to their impact on agency funding decisions.

Recommendation

To ensure that the quarterly reporting process for the Violence Against Women program enables effective monitoring of expenditures and service delivery during the year, the Ministry should:

- provide direction to all agencies to ensure that they report financial and service information on a consistent basis;
- ensure that agencies explain and describe appropriate plans of action for all significant variances, as required; and
- promptly evaluate and, where warranted, approve any corrective action proposed and ensure that it is undertaken.

Ministry Response

The Ministry acknowledges the need to improve its financial controls for holding agencies accountable for service quality and the use of public funds. Through the annual business cycle, regional offices will duly instruct service providers, monitor for significant variances, and intervene to ensure appropriate corrective action is taken as necessary.

Serious Occurrences

All agencies are required to report verbally to the Ministry within 24 hours all serious occurrences that meet the Ministry's criteria for such incidents. In addition, an agency's written follow-up report detailing the corrective action taken, or to be taken, is to be received by the Ministry within seven working days of an incident. Ministry staff are to review the written follow-up reports to ensure that the corrective actions taken or proposed are appropriate in the circumstances.

We reviewed a sample of serious occurrences at the three regional offices and the agencies we visited and noted that, in general, written follow-up reports had been reviewed and the corrective action taken or proposed had been approved by the Ministry. However, we also noted the following:

- Ministry criteria for what constitutes a reportable serious occurrence were inconsistently applied. For example, at one regional office an agency reported two separate incidents in which the same child sustained a head injury, while at another regional office an agency did not report either of two incidents involving head injuries to another child.
- Two of the three regional offices did not log all verbal notifications of serious occurrences, and, therefore, could not be assured that all required written follow-up reports were received as required.

Corrective action cannot be taken if there is inadequate information about serious occurrences.

Recommendation

To enhance the effectiveness of the serious-occurrence reporting-and-review process for agencies funded under the Violence Against Women program, the Ministry should ensure that:

- agencies have a clear understanding of how the criteria for serious occurrences are to be applied;
- all verbal notifications of serious occurrences are logged so that it can reliably determine whether written follow-up reports are received as required; and
- appropriate corrective action is taken as a result of all serious occurrences that take place.

Ministry Response

Regional offices oversaw the implementation of the Ministry's updated Serious Occurrence Guidelines at agencies in the summer of 2000. Current requirements include timely reporting and action by service providers and follow-up by ministry staff as needed.

The Ministry acknowledges the need for continued review and improvement of serious-occurrence reporting and will take into account the concerns raised by the Provincial Auditor by:

- *having regional offices reinforce serious-occurrence reporting expectations with agencies;*
- *reviewing and/or revising the notification and follow-up process (including requiring the logging of verbal notifications) to ensure all serious occurrences are logged and responded to in a timely fashion; and*
- *implementing sanctions where corrective action is required.*

TRANSFER-PAYMENT AGENCY ACCOUNTABILITY AND GOVERNANCE

Transfer-payment agencies providing program services are governed by independent, volunteer boards of directors that have considerable discretion in the way they manage and deliver their programs. As such, they are not required to follow the many administrative policies and procedures that are prescribed for the Ministry itself. However, because the bulk of their funding is provided by the Ministry, and ultimately by provincial taxpayers, the Ministry must hold these agencies accountable for their prudent use of public funds.

To facilitate an effective accountability relationship, the Ministry has developed a new ministry-wide governance and accountability framework for its transfer-payment agencies based on the mandatory requirements of the Management Board Directive on Transfer Payment Accountability. The approval of this framework by senior ministry management in June 1999 was an important first step. The second step—its implementation across the Ministry—was

proceeding on a program-by-program basis but had not occurred for this program at the time of our audit in early 2001.

As a result, we found that with respect to the mandatory requirements for agency accountability:

- explicit and measurable expectations and service standards were often not defined;
- reporting and monitoring of results achieved were not adequate; and
- situations requiring corrective action were often not clearly identified, which resulted in needed corrective action not being taken.

With respect to the mandatory requirements for promoting good agency governance, we found that the Ministry had not ensured that:

- agency management and the board of directors collectively had the necessary expertise and experience to discharge their responsibilities effectively;
- operating policies and procedures were adequate to ensure that service delivery was achieved economically, efficiently, and effectively; and
- internal governance and reporting structures for both financial and service information were appropriate.

Recommendation

The Ministry should improve the governance and accountability of Violence Against Women agencies by implementing the requirements of its Governance and Accountability Framework.

Ministry Response

The Ministry has distributed an Accountability and Governance Framework to its transfer-payment agencies that meets or exceeds Management Board requirements. For example, as part of the framework, the 2001/02 budget package includes a new requirement regarding the capacity of agency boards.

The Ministry acknowledges the need to enhance agency accountability and will, in the next year, complete the process of confirming with its transfer-payment agencies that the new framework's requirements are incorporated into the annual business cycle. For example, a sectoral framework that outlines basic requirements for transfer-payment agencies will be finalized and distributed to ministry regional offices and transfer-payment agencies in the spring of 2002.

PROGRAM FUNDING

For a number of years, we have expressed concerns about the way the Ministry funds many of its transfer-payment programs. For example, in the section on Governance and Accountability of Transfer Payment Recipients in our *1997 Annual Report*, we had recommended that, to help ensure that funding is equitable and appropriate for each agency, the Ministry critically assess

requests for funding and ensure that the amounts approved are commensurate with the demand for services and the actual services provided. The Ministry agreed with our recommendation and indicated that it would document any changes in demand for services when making its annual funding decisions. However, we found that the recommendation the Ministry had agreed to in 1997 had not been implemented with respect to the Violence Against Women program. Our specific concerns in this area are detailed below.

Funding for Shelter Services

Prior to 1998, the cost of providing shelter for women who had experienced violence or abuse and their children was shared on an 80:20 basis between the Ministry and municipalities, respectively, based on a maximum allowable per diem cost of \$34.50 per person occupying a bed. The Ministry's share of funding was provided to municipalities that, in turn, contracted with and provided funding to the agencies operating shelters.

As a result of the government's Local Services Realignment initiative, the Ministry assumed responsibility for 100% of government funding for VAW shelters beginning in January 1998.

We were informed that, as a result of this change, the Ministry's nine regional offices received funding allocations for VAW shelters for 1998 and subsequent years based on the highest annual funding provided to each of the shelters in their jurisdictions over the five-year period from 1992 to 1996. The Ministry recognized that this method of allocating funding to regional offices might result in some regional offices receiving a higher allocation than required.

Two of the three regional offices we visited, in turn, provided annual funding in block amounts to each of their shelters based on the highest amount of annual funding that each shelter received under the per diem method of funding from 1992 to 1996. The third regional office was of the view that this method of funding was not appropriate and instead funded its agencies for 1998 and later years based primarily on the amount of funding each shelter received in the 1996/97 fiscal year. While this method would be more likely than the first to relate funding to the actual amount of services being delivered, neither of these funding methods is appropriate because:

- shelter occupancy levels and resultant costs can fluctuate significantly from year to year;
- the per diem method used prior to 1998 did not reflect a shelter's actual costs or funding needs; and
- total per diem funding provided in prior years did not always reflect actual shelter use because some municipalities paid less than the maximum allowable per diem rate and others limited the number of days for which a per diem would be paid regardless of how long women actually stayed at the shelter.

We also noted that the Ministry did not always have reliable information about how much funding each shelter received in each of the years from 1992 to 1996 and consequently often had to rely on municipalities and the shelters themselves to provide that information.

Based on ministry information, we determined that the average costs of shelter services for each of the nearly 100 shelters funded by the Ministry in the 1999/2000 fiscal year varied significantly, as detailed in the following table.

Range of Average Shelter Costs, 1999/2000

average cost per person served	\$363–\$5,981
average annual cost per available bed	\$15,424–\$60,403
average cost per person per day of residential care	\$47–\$658

Source of data: Ministry of Community and Social Services

We noted that some of these cost differences were attributable to variances in shelter occupancy rates, which ranged from an average of less than 30% over the year in some cases to well over 100% in others. However, the Ministry had not assessed the possibility of reducing these cost differences either by changing the way shelters are funded or by restructuring shelter services in areas with chronically low occupancy rates and reallocating funding to shelters facing a heavier demand for services.

The 1998 Coroner's Report on the *Inquest into the Deaths of Arlene May and Randy Iles* recommended that the Ministry review its funding for shelters for abused women and their children. In 1999, in response to the Coroner's recommendation, the Ministry indicated that assuming the municipal share of per diems and block funding shelters after January 1, 1998 was sufficient to address the recommendation. However, based on our work, it is clear that the Ministry's current method of funding does not ensure appropriate and equitable funding for shelters that is linked to an assessed level of demand and to services provided in the respective communities.

Funding for Counselling and Other VAW Services

The Ministry has always fully funded the cost of counselling and other types of VAW services provided both by agencies that operate a shelter and those that do not. The amount of funding approved annually and provided directly to each agency is based on the agency's Service Budget Submission request, which includes information about the amount of funding requested and descriptions of the services to be provided. Regional office staff are expected to review these requests and approve annual funding amounts, taking into consideration other available information, such as the previous year's funding surpluses or deficits, cost comparisons with similar programs, and expected changes in caseloads.

However, we found that the service descriptions included in the Service Budget Submissions did not provide sufficiently detailed or relevant information on which to base informed funding decisions. For example, none of the submissions we reviewed contained information about the duration or nature of counselling services to be provided, even though such information is essential for determining the reasonableness of the funding requested. As a result, there was little, if any, evidence that the amount of funding approved was based on an assessment of what a reasonable level of funding would be in relation to costs of the services to be provided.

Instead, the Ministry generally approved funding for agencies in amounts that were the same or similar to the amounts approved in the previous year. Even in those cases where some funding

was reallocated, the Ministry could not demonstrate the basis or reasonableness of the reallocations.

Based on information provided to us by the Ministry, we also determined that the average cost of similar ministry-funded services in the 1999/2000 fiscal year varied significantly, as detailed in the following table.

Average Costs of Similar Services, 1999/2000

Service	Average Cost Per Person Served	Average Cost Per Hour of Service*
crisis support	\$19–\$2,046	\$3–\$321
crisis telephone counselling	\$1–\$135	\$1–\$196
general counselling	\$69–\$1,668	\$6–\$270
sexual assault counselling	\$38–\$1,337	\$6–\$218

*Calculated as “reported expenditure by service code” divided by “number of hours of service reported”.

Source of data: Ministry of Community and Social Services

Although certain of the cost ranges identified may put the costing data in question, the ministry data from which these costs were determined constitute the only information the Ministry had.

We also noted that:

- The Ministry had not defined a reasonable range of realistic costs for services.
- During the 2000/01 fiscal year, the Ministry added the Child Witness of Domestic Violence and Transitional Support programs to its VAW program. For that year, the Ministry allocated a total of \$10 million in funding for the new programs and spent \$9.4 million without adequately determining the extent to which the services were already being provided or assessing regional or agency needs. For example, in many cases, agencies received a year’s worth of funding for these programs even though services were provided for only four to six months during that year. For the three regions we visited, this funding procedure resulted in overpayments totalling \$1 million.
- The Ministry provided one-time funding for a number of Y2K-related expenditures that we found were unrelated to Y2K or were otherwise questionable. For example:
 - One agency spent \$5,600 of Y2K funding for baby monitors and security cameras and \$2,500 of Y2K funding for a fence alarm.
 - In November 1999, an agency contracted to purchase a generator for \$94,000 that was installed in February 2000, after the Y2K risk had passed. We also noted that the price agreed to in November 1999 was significantly higher than what that or a similar generator could have been purchased for in February 2000.

Recommendation

To help ensure that funding for services under the Violence Against Women program is commensurate with the specific needs of each agency, the Ministry should:

- ensure that agency funding requests provide information that is sufficiently detailed and relevant to allow the Ministry to make informed funding decisions; and
- critically assess all requests for funding and ensure that amounts approved are commensurate with the demand for services and the actual services provided.

Ministry Response

Ministry financial policies for transfer-payment agencies require the annual negotiation of agency budgets based on a review of service data and the setting of appropriate service targets.

The Ministry recognizes the need to improve the quality and timely use of such information. As part of the annual business cycle, regional offices will ensure that information in agency budgets is of the required quality and has the required level of detail.

Annual Program Expenditure Reconciliations

Transfer-payment recipients that receive more than \$75,000 in annual funding from the Ministry are required to complete an Annual Program Expenditure Reconciliation (APER) and submit it to the Ministry together with audited financial statements. The purpose of the APER is to reconcile program expenditures with the funding provided by the Ministry in order to identify inappropriate or ineligible expenditures and any surplus funding that should be recovered by the Ministry.

For a number of years, in our reports on the audits of other ministry transfer-payment programs, we have expressed concerns about the untimeliness and ineffectiveness of the APER process in meeting its objectives. Although we found in this audit that APERs for the VAW agencies we reviewed generally had been received and reviewed by the Ministry on a timely basis, based on our review, we were still concerned that the APER process was ineffective for the reasons noted below:

- Eligible program expenditures had not been clearly defined by the Ministry. As a consequence, agencies were inconsistent in their interpretations of what constituted eligible expenditures. For example, while some agencies requested and received approval to fund minor capital expenditures for such things as wall and roof repairs or fencing from operating surpluses, other agencies routinely included such expenditures in their APER-reported program operating costs.

- Both the APER and the accompanying audited financial statements often lacked the detail necessary to identify inappropriate or ineligible expenditures and to permit the reconciliation of the APER-reported expenditures with the audited financial statements.
- In a number of instances, the Ministry's APER review process did not identify ineligible expenditures or detect funding surpluses that should have been recovered. For example, our limited review of a sample of APERs detected the following:
 - One agency claimed \$156,000 of ineligible costs as an expense on its APER. The claim went undetected and the amount was not identified for potential recovery.
 - Another agency failed to deduct \$122,000 in revenue received from the federal government from its APER-reported expenditures as required. As a result, the Ministry did not identify or recover the agency's resulting funding surplus.
 - Another agency claimed the same \$20,000 as an eligible expense twice, once when the funds were transferred internally to another program and again when they were spent.

We also noted an instance of an agency receiving \$40,700 from the Ministry to fund an operating deficit for the 1999/2000 fiscal year, even though it had an operating surplus of \$37,500 in a previous year that had not been recovered.

Recommendation

To better ensure that the Annual Program Expenditure Reconciliation (APER) process for the Violence Against Women program identifies both inappropriate and ineligible expenditures, as well as surpluses, and better supports future funding decisions, the Ministry should:

- **clearly define eligible program expenditures and communicate that information to agencies;**
- **ensure that agencies provide financial information in their APERs that is sufficiently detailed and linkable to audited financial statements; and**
- **thoroughly review the information submitted in APERs and perform any necessary follow-up.**

Ministry Response

In order to facilitate surplus recovery and expenditure adjustment in advance of further budget negotiation, ministry financial policies require that agencies:

- ***report significant variances and potential surpluses by the third quarter; and***
- ***complete reconciliation accounting within four months of the end of the fiscal year.***

Agencies are required to provide expenditure information consistent with the Ministry's global budgeting approach.

The Ministry acknowledges the need for continued improvement in this area and will duly consider the concerns raised in the Provincial Auditor's

assessment of the efficacy of the APER process. For example, the 2001/02 APER package will include updated definitions of ineligible agency expenditures. The Ministry is also considering a requirement that agencies formally certify that their statements comply with ministry expenditure policies.

OTHER MATTER

PERFORMANCE REPORTING

The Ministry has initiated a new system for evaluating the performances of the various VAW programs that gathers information directly from program recipients.

Questionnaires are to be filled out by women receiving VAW services, and the information on the completed questionnaires is to be entered into a province-wide database by agency staff. The information collected in the database is to be analyzed by the Ministry.

The 2000/01 fiscal year is the first year for which surveys are to be completed, and results were thus unavailable at the time of our audit.

The Ministry's efforts in this area notwithstanding, we noted some deficiencies in the design of the new system that, if not remedied, will likely reduce the reliability and usefulness of results as measures of program effectiveness:

- Questionnaires are to be completed by women while they are using agency services and then returned to agency staff for entry into the database. This situation creates a potential conflict of interest for both the women who complete the questionnaires and agency staff. Consequently, the Ministry will have less assurance of the reliability and completeness of reported results than if the questionnaires had been sent to the Ministry directly by service users.
- The Ministry had no measurable criteria or benchmarks in place for evaluating questionnaire results.

We will follow up on the results of this new performance evaluation system at an appropriate time.