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## MINISTRY OF COMMUNITY AND SOCIAL SERVICES

# Child and Family Intervention Program

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The Child and Family Intervention (CFI) program of the Ministry of Community and Social Services provides for a range of services designed to alleviate social, emotional and/or behavioural problems experienced by children and their families. These include family breakdown, physical or sexual abuse, drug abuse, attempted suicide and depression. Under provisions of the *Child and Family Services Act*, the program provides transfer payments to approximately 200 community-based agencies that deliver such services as psychiatric therapy, counselling, skills training and education, as well as residential services to children who require more intensive assistance.

Services may be provided by the program to any child, including young offenders and children who may already be receiving services from a Children's Aid Society, or through other programs funded by the Ministry.

For the 1996/97 fiscal year, the Ministry's total funding for children's services was approximately \$1.3 billion, of which \$189 million related to the CFI program. Of the latter amount, approximately \$69 million was expended for residential services while the remainder was spent on day treatment or outreach care.

The program's volume indicators (active cases) for the past five fiscal years are shown below.

**Comparative Program Volume Indicators**

	1996/97	1995/96	1994/95	1993/94	1992/93
Residential	1,180	1,201	1,233	1,171	1,750*
Non-Residential	31,000	31,450	30,628	27,741	37,942*
Total	32,180	32,651	31,861	28,912	39,692
Funding (\$Millions)	189	198	216	193	190
Funding Per Case (\$)	5,873	6,064	6,779	6,675	4,787

\* Decrease from 1992/93 to subsequent years is attributable to changes in the definition of a client.

Source: Ministry of Community and Social Services

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## OBJECTIVES AND SCOPE

Our audit objectives were to assess whether the Ministry's administrative procedures were adequate to ensure that:

- transfer payments to agencies were reasonable and satisfactorily controlled; and
- the quality of services provided was monitored and assessed.

The scope of our audit included a review and analysis of the Ministry's administrative procedures and guidelines, as well as interviews with appropriate head office, area office and agency staff. We also reviewed a representative sample of agency files at the Ministry's area offices and visited agency facilities where warranted.

Our audit also included a review of the audit plans and relevant reports issued by the Ministry's Comprehensive Audit and Investigations Branch. However, we were unable to reduce the scope of our audit work as the Branch had not issued any reports on the Ministry's administration of the CFI program in the last two years.

## OVERALL AUDIT OBSERVATIONS

Subsequent to our audit of the Child and Family Intervention program in 1993, the Ministry indicated that it was developing a "Policy Framework for Services Funded under the *Child and Family Services Act*," which was expected to address many of the concerns we had at that time. In February 1994, as a result of hearings related to our 1993 report, the Standing Committee on Public Accounts recommended that "the Ministry should establish and adhere to specific timeframes for the implementation of the Children's Policy Framework."

Although the Children's Policy Framework was completed in 1993, it was never implemented. As a result, we found that the Ministry's administrative procedures continue to require significant improvements to ensure that transfer payments to agencies are reasonable and satisfactorily controlled and the quality of services provided is monitored and assessed. More specifically, to better control transfer payments to agencies, the Ministry needs to ensure that:

- funding decisions are based on sufficiently detailed and relevant financial and operational information from agencies;
- the reasonableness of the costs of similar programs funded either within or among different area offices is analyzed and assessed, and significant variances are explained and justified; and
- program surpluses are identified and recovered on a timely basis.

To adequately monitor and assess the quality of services provided, the Ministry needs to:

- implement, measure and evaluate program outcome indicators to determine program effectiveness and identify corrective actions, as required;
- establish standards for an acceptable level and quality of services to be provided, and subsequently monitor and assess those services; and

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- ensure that a management information system that will allow the Ministry to monitor the cost effectiveness of service delivery is implemented as soon as possible.

## DETAILED AUDIT OBSERVATIONS

### *CHILD AND FAMILY INTERVENTION PROGRAM TRANSFER PAYMENTS*

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#### AGENCY FUNDING AND BUDGET REQUESTS

To make informed funding decisions, the Ministry requires sufficiently detailed and relevant information about agencies' services to permit it to assess their funding priorities and needs. However, based on our review of agency funding requests and other work we performed at the agencies, we found that the Ministry lacked the information necessary to make informed funding decisions.

- Program descriptions did not provide sufficient, or in some cases any, detail for assessing the levels of service to be provided, despite the potential for significant differences among programs. For example, none of the agencies we reviewed submitted information to indicate the duration and/or intensity of counselling services to be provided although that information is essential for determining the reasonableness of costs.
- A number of budget submissions combined several different programs into one program budget request. As a result, it was not possible to determine the extent or cost of the individual programs.
- Agencies did not report meaningful operating information such as direct service delivery hours per case worker, a unit of performance that all agencies we visited monitored and assessed.
- Some budget submissions included questionable information, the accuracy of which was not assessed by the Ministry. For example, there was no explanation on file as to why the target number of days of care for one agency exceeded its stated capacity.

In the absence of an analysis based on sufficiently detailed and relevant information about its agencies' services, the Ministry has, in most cases, imposed annual across-the-board percentage funding changes to agencies' base budgets since 1991/92. This practice perpetuates prior years' funding inequities and contributed to the Ministry's funding of questionable items. For example:

- The Ministry paid one agency a total of \$78,000 over the last five years to maintain a building that was not used for the Ministry's CFI program during that time.
- An agency operating in several cities asked the Ministry to reallocate approximately \$900,000 in funding from a location with lower needs to one with higher needs. However, agency management advised us that its request to transfer funding was not approved by the Ministry, with the result that the agency continues to be funded for approximately 20% of its total budget at a location serving approximately 14% of its caseload.

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We understand that, for the 1997/98 fiscal year, the Ministry will receive even less detailed operating and financial information from its agencies than it has been receiving to date. For example, expenditure details will be reduced from 18 cost categories for each program to two categories—“salaries” and “other service costs.” As a result, it will be even more difficult for the Ministry to assess whether changes in funding are required and whether agencies are meeting the expectations and objectives of the CFI program.

### **Recommendation**

**To help provide an appropriate basis for making funding decisions and to help ascertain whether taxpayers’ money is spent prudently, the Ministry should ensure that all agencies include sufficiently detailed and relevant information in their program budget submissions.**

### ***Ministry Response***

***The Ministry agrees that sufficient information is required for making funding decisions and to help ascertain whether taxpayer’s money is spent prudently. Program budget submissions need to be as complete as possible, while preserving each agency’s independence and accountability for the information requested.***

***Child and Family Intervention agencies have recently started using the Ministry’s generic service/budget submission packages. As noted in the Provincial Auditor’s report, there are only two expenditure categories on the budget summary. However, details on these expenditures are still required as part of the agency submission. These detailed expenditures are then rolled up for the budget summary. The Ministry will continue its efforts to provide clear instructions to agencies on completing the packages.***

***The Ministry will also continue to review business practices in order to improve its service targets, introduce outcome-based performance measures and review funding and expenditure information. The Ministry agrees that service/budget submissions should be reviewed and questions raised when information is incomplete or questionable.***

## **PROGRAM COST COMPARISONS**

Analyzing the costs of similar programs funded within and among different area offices would assist in ensuring that the programs are funded consistently across the province and would help to identify programs that are not being operated economically and efficiently.

However, the Ministry cannot compare the costs of similar programs since it lacks the necessary information and criteria to determine program comparability. For example, for all non-residential programs, the Ministry defines a unit of service to be an individual served, regardless of the level of service received. Thus, we found that an individual receiving as little as one hour of counselling in a three-month period was counted the same as another individual receiving as

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much as 122 hours of counselling during the same time. In addition, the Ministry does not distinguish between individualized therapy and group counselling.

Our own comparisons of both residential and non-residential programs noted significant cost variations, for example:

- the cost of residential care ranged from \$96 to \$367 per individual per day; and
- for one area office, the cost of day treatment programs ranged from \$6,700 to \$11,000 per individual per year.

Since the costs for residential and non-residential services are expected to vary with client needs and the extent of services provided, the above-noted ranges of costs may well be justified. However, Ministry staff lacked the information necessary to determine the reasonableness of either the range of the costs or the costs of the individual programs.

### Recommendation

**In order to help ensure that program funding is reasonable and appropriate for the services provided, the Ministry should:**

- **obtain sufficiently detailed information to establish criteria to assess program comparability; and**
- **compare the costs of similar programs across the province. Significant cost variations should then be explained and justified.**

### Ministry Response

***The Ministry agrees that there is a need to assess comparative program costs. The Ministry is aware that there is a range of funding for individuals with similar needs and that there is a need to rationalize service costs.***

***As part of its strategy to ensure an efficient use of resources, the Ministry will establish provincial benchmarks for residential care programs in the form of levels of support with corresponding funding ranges. Once provincial levels are established, the Ministry will put into effect funding levels for residential services. These limits will be phased in over a three-year period and will reflect the different needs of individuals and the different kinds of services that they receive.***

***The Ministry will monitor the implementation of these funding guidelines.***

## ANNUAL PROGRAM EXPENDITURE RECONCILIATIONS

Agencies are required to submit an Annual Program Expenditure Reconciliation (APER), together with an audited agency financial statement no later than four months after the fiscal year-end. The APER is to be used to reconcile a program's total expenditure with the approved budget in order to identify any surplus and must be approved within 12 months of the agency's year-end.

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We found that, for the 1994/95 fiscal year, APERs had been received and reviewed on a timely basis. However, the effectiveness of the process was questionable because both the APERs and audited financial statements lacked the necessary detail or audit assurance to identify inappropriate or ineligible expenditures as the examples below illustrate.

- The Ministry had not required any audit assurance for APERs and in most cases had not obtained other compensating assurance for the completeness or accuracy of the APERs themselves since 1992/93.
- The Ministry often approved accruals for potential future expenditures that were ineligible for reimbursement since they were not paid during the fiscal year or within 30 days of the year-end. For example, in 1994/95 the Ministry provided an agency with funding of \$110,000 for an early intervention project. The APER for that year indicated that all the funds had been spent. However, our review of agency records indicated that only \$17,000 in actual expenditures had been made during that fiscal year or within 30 days of the year-end.
- Agencies often submitted consolidated financial statements for all of their programs and activities. Such statements did not provide enough detail to permit reconciliation with program expenditures or with the approved budgets for the individual programs.
- APERs compare a program's total expenditures to the total budget but neither the APERs nor the agencies' audited financial statements include a comparison of the actual costs incurred to the program's detailed budgeted cost categories which, in our view, would provide more useful information.

### **Recommendation**

**To improve the effectiveness of the expenditure reconciliation process in assessing the reasonableness of expenditures and in supporting future funding decisions, the Ministry should ensure that the information submitted in the Annual Program Expenditure Reconciliations and audited financial statements is sufficiently detailed to identify inappropriate or ineligible expenditures.**

### ***Ministry Response***

***The Ministry agrees that Annual Program Expenditure Reconciliations should show enough information to allow for detection of ineligible expenditure items.***

***The Ministry has taken steps to inform agencies and their auditors of the Ministry's financial policies. Specifically, the instruction package for Annual Program Expenditure Reconciliations, distributed annually to all agencies, contains all relevant policies, including an extensive list of eligible and ineligible expenditures. In the service contract signed by the agencies, it states that they "will comply with Ontario's policies on the treatment of revenues and expenditures." This requires agencies to properly reflect expenditures and surpluses in their financial statements. In order to assist in informing***

**agency auditors of the implications of these particular policies, the Ministry wrote an article for publication by the Institute of Chartered Accountants of Ontario. The article was distributed to all its members.**

**In addition, the Ministry continues to take steps to review and appropriately act on all Annual Program Expenditure Reconciliation results. The Ministry has introduced mechanisms to help ensure adherence to its Annual Program Expenditure Reconciliation policies. The Ministry will continue to promote and facilitate increased awareness of these policies for use by agencies and their auditors.**

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### SURPLUS RECOVERY

Under current ministry policy, agencies may be given approval to retain surplus operating funds in four circumstances: to offset deficits from prior years; to meet critical one-time service requirements; to undertake health and safety initiatives; or to restructure and streamline operations. However, where an operating surplus is to be recovered, ministry policy states that recovery procedures must be under way no later than 12 months after the fiscal year-end and completed within 24 months of that date.

We found that some of the arrangements under which agencies retained surplus operating funds were questionable, as the examples below illustrate.

- The Ministry permitted an agency to retain \$265,000 in operating surpluses which were to be used for the construction of two cabins. We noted that this use did not conform to any of the four circumstances under which agencies may be permitted to retain surplus operating funds. In addition, by permitting agencies to retain surplus operating funding for capital expenditure purposes, the Ministry is by-passing its own capital expenditure planning and priority-setting process.
- Another agency established a \$50,000 “contingency fund” with surplus operating funds. However, the agency’s APER did not identify this amount as an operating surplus, and Ministry staff were unaware that this unrecovered surplus remained outstanding.

In addition, the Ministry lacked sufficiently detailed information to demonstrate whether surplus funds were retained for any of the four allowable circumstances identified above. For example, during 1996/97 the Ministry identified \$1.7 million of surpluses at one agency for the 1993, 1994 and 1995 fiscal years. Of this amount, \$600,000 had been recovered by the Ministry, \$1 million had been approved for retention by the agency for various restructuring and health and safety initiatives, and \$100,000 was to be recovered at the time of our audit in March 1997. However, the Ministry had no documentation to indicate whether the agency had spent the retained surplus for the ministry-approved purposes.

#### Recommendation

**The Ministry should review the agency funding arrangements that result in year-end expenditure surpluses and establish more effective procedures to recover these surpluses where appropriate.**

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**Ministry Response**

***The Ministry recognizes the need to be accountable in recovering surpluses. The Ministry has already taken steps to ensure timely Annual Program Expenditure Reconciliation reporting and surplus recovery as required by policy.***

## **MONITORING OF SERVICES PROVIDED**

### **PERFORMANCE MEASUREMENT**

To hold transfer payment agencies accountable for their management of public funds, a Management Board Directive for Transfer Payment Accountability prescribes a four-part framework that includes setting expectations, contracting for services, monitoring performance and taking corrective action when necessary.

As a result of our 1993 report on this program, the Ministry acknowledged the need to improve the measurement of program effectiveness. The Ministry also indicated at that time that its new Children's Policy Framework identified a need for the measurement of effectiveness to improve accountability and that it intended "to focus on clearly identifying appropriate, adequate, and valid client benefit/outcome indicators in providing services to children and/or their families."

However, at the time of our current audit, the Ministry still did not have procedures in place to measure the effectiveness of treatment programs provided by agencies to children and/or their families. Head office staff advised us that outcome measures had been developed in June 1995 as part of the Children's Policy Framework but were never implemented. These measures are now being reviewed as part of the overall ministry restructuring process.

Without such program evaluations, the Ministry can have only limited information indicating the specific effects of treatment programs and whether agencies effectively manage public funds.

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**Recommendation**

**To improve the effectiveness of the Child and Family Intervention program, the Ministry should implement and monitor outcome indicators, some of which have already been developed.**

**Ministry Response**

***The Ministry agrees that it needs to establish measurable performance targets and indicators and effectively monitor the results achieved against the targets established.***

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***The Ministry will be moving in stages. As part of its 1997/98 Business Plan, the Ministry has developed performance measures for its accountability to the government and to the public. The Ministry will develop additional performance measures for all of its programs and activities. As the Ministry's performance measures are defined, they will be built into the service contracting process.***

### QUALITY OF SERVICE

The Ministry needs to ensure that services provided by agencies are accurately defined and of acceptable and reasonably consistent standards throughout the province and, ultimately, that they represent value for money spent. As a result, the Ministry needs to establish and communicate standards and criteria for defining the quality of services to be provided and the method and extent to which they should be monitored.

Establishing and monitoring service standards for CFI programs is a difficult task given the diversity of services funded. However, some quality of service standards are common to all services provided, such as staff qualification, staff-to-service-recipient ratios, the selection of an appropriate service methodology and, finally, achieving service outcomes.

In our review of agency files and discussions with agency and ministry staff, we found that acceptable standards of service and criteria for their evaluation had not been developed. As a result, the Ministry did not have assurance that CFI programs were providing services of acceptable quality and represented value for money spent.

#### Recommendation

**To help ensure that services provided by agencies are of an acceptable quality and represent value for money spent, the Ministry should:**

- **establish standards for acceptable service quality and criteria for evaluation; and**
- **periodically evaluate service quality with a view to identifying required corrective actions.**

#### Ministry Response

***The Ministry is developing performance measures for all its transfer payment agencies, and is moving to a funding process based on these measures. Toward this end, the Ministry will enter into contracts with boards of directors based on these performance measures. The Ministry will then monitor and measure the attainment of the results and evaluate performance in relation to agreed-upon performance measures.***

### PROGRAM COORDINATION

In 1993 we reported that ministry initiatives were under way to coordinate the many children's programs offered by the Ministry of Community and Social Services, other ministries, agencies

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and municipalities. One of the major objectives of these initiatives was to provide coordinated access to an integrated system of services funded under the *Child and Family Services Act*.

However, at the time of our current audit, the Ministry had not yet implemented coordinated access to services. Subsequent to our audit, the Ministry released a new policy document entitled *Making Services Work for People*, which requires local services to be coordinated.

We will again follow up on the Ministry's progress in implementing program coordination when sufficient time has elapsed for implementation of the Ministry's restructuring process.

## MANAGEMENT INFORMATION

In 1993 we reported that, with the exception of the total number of active clients reported by its agencies, the Ministry had very little information about the children and families being served by the program. Consequently, we also reported that the Ministry could neither monitor client information nor determine whether agencies were providing services cost effectively. In its response to our findings, the Ministry confirmed the importance of sufficient management information and indicated that it planned to automate service and resource information for all *Child and Family Services Act* transfer payment agencies and directly operated programs by September 1993.

However, at the time of our current audit, the Ministry did not yet have an automated management information system to collect client and program information. The Ministry now hopes to implement the first phase of an information system in the fall of 1997.

### Recommendation

**The Ministry should ensure that it obtains the information necessary to determine whether services are provided cost effectively.**

### Ministry Response

***The Ministry has now completed the development of an information system to capture both financial and service data. The Ministry will begin implementing this new system in the fall of 1997 in order to have more accurate and timely information about clients and families being served.***

## SERIOUS OCCURRENCES

The Ministry requires all facilities to report within 24 hours any occurrences such as deaths, serious injuries and assaults or physical abuse of residents. As a result of observations in our 1993 report, the Ministry clarified its definitions and procedures regarding the reporting of serious occurrences.

We found that serious occurrences for this program were now being reported to the Ministry as required.

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## OTHER MATTER

### *PROFESSIONAL SERVICES*

In some instances, agencies obtain professional services from psychologists and psychiatrists who are paid on an hourly basis.

Our review of hourly rates paid by agencies for these services indicated that they ranged from \$50 to \$93 per hour for psychologists and \$72 to \$150 per hour for psychiatrists. We also noted that:

- there were no guidelines or other requirements for agencies to ensure that rates paid for professional services and travel time were reasonable and consistent with those paid by other agencies;
- records maintained by agencies were inadequate for assessing the accuracy of the number of hours billed; and
- procedures were inadequate to ensure that all services paid for by the agency but billable to the Ontario Health Insurance Plan were properly recovered.

We noted that the Ministry of Health had established clear guidelines for its community-based mental health service agencies with respect to the type of services they should pay for, the hourly rates to be paid and the supporting records to be maintained.

#### **Recommendation**

**To help ensure that agency payments for the professional services of psychologists and psychiatrists are reasonable and consistent, the Ministry should establish guidelines for agencies to follow when paying for such services.**

#### ***Ministry Response***

***The Ministry agrees that guidelines for community-based mental health service agencies regarding types of services, hourly rates and supporting records would be helpful. The Ministry will develop guidelines for agencies to follow when paying for such services.***

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