
MINISTRY OF COMMUNITY AND SOCIAL SERVICES

Ontario Works Program

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Short-term financial assistance to allow for a basic standard of living has historically been provided under the *General Welfare Assistance Act* (GWA) to individuals who were unable to provide for themselves. This was distinct from assistance under the *Family Benefits Act* (FBA), which provided financial assistance for prolonged periods of time, primarily to individuals who were in need and were considered permanently unemployable as a result of physical or mental disability, or were sole support parents with dependent children.

The *Social Assistance Reform Act*, which received Royal Assent on November 28, 1997, provided the framework for the Ontario Works Program to replace social assistance under GWA and FBA. The *Ontario Works Act* and the *Ontario Disability Support Program Act*, proclaimed on May 1, 1998 and June 1, 1998 respectively, now provide for assistance formerly provided under the *General Welfare Assistance Act* and the *Family Benefits Act* as well as the *Vocational Rehabilitation Services Act*.

The Ontario government announced the Ontario Works Program on June 12, 1996. The objective of the Program is to provide financial assistance while participating individuals become self-sufficient and contributing members of their community by following the shortest route to a paid job. Participation in the Ontario Works Program is mandatory for most former General Welfare Assistance recipients in order for them to remain eligible for financial assistance. GWA recipients with disabilities, seniors and sole support parents were not required to participate in the Ontario Works Program. Additionally, GWA recipients who are ill or incapacitated, or have to care for a family member who is disabled, ill or aged with special care needs, are temporarily exempted from the Program's requirements. Regulations to expedite the implementation of the Program until new legislation could be enacted were made under the *General Welfare Assistance Act*, effective September 1, 1996.

At the time of our audit, Family Benefits Assistance recipients could voluntarily participate in the Program at any time. In addition, the Ontario Works Program had not been implemented for the social assistance recipients of the province's 103 First Nations.

At March 31, 1998, the end of the most recent fiscal year, approximately 251,500 recipients representing a total of 456,000 beneficiaries received General Welfare Assistance. GWA expenditures were approximately \$1.76 billion for the 1997/98 fiscal year. Similarly, at March 31, 1998, 300,000 recipients representing a total of 639,000 beneficiaries received Family Benefits, which totalled approximately \$2.98 billion for the fiscal year.

ONTARIO WORKS PROGRAM COMPONENTS

The Ontario Works Program provides for employment assistance under the three following components.

- **Employment Support**

The intent of the Employment Support component is to help participants become job-ready and to support their shortest route to paid employment through job search assistance or participation in basic education or job-specific skills training. Job search assistance may include help with a structured or independent job search.

A caseworker must determine the nature of employment supports to be provided on a participant-by-participant basis.

- **Community Participation**

The intent of the Community Participation component is to enable participants to contribute to the betterment of their community while receiving social assistance, and to gain valuable work experience, employment related skills and access to networks that will help them move into the paid work force.

A Community Participation placement is any unpaid community service activity under the direction of community officials and/or public or non-profit organizations. Participants may spend a maximum of 70 hours per month and six months in total at any one approved placement except where a specific plan of skill training is in place, in which case a participant may spend up to 11 months in the placement. There is no minimum number of hours a month that a participant must spend at a community placement.

- **Employment Placement**

The intent of the Employment Placement component is to have job placement agencies place job-ready participants into unsubsidized, competitive employment and may include supporting participants interested in self-employment.

Employers must not receive any wage or training subsidy from any other public source for the position in which a participant is placed.

The Ministry expects that the Employment Placement component will be implemented through a request for proposal process open to private sector employment placement agencies. Direct delivery of this component by a municipal delivery agent is allowed if approved by the Ministry.

ONTARIO WORKS PROGRAM ADMINISTRATION

The Ontario Works Program is delivered across the province through 63 municipal delivery agents representing large municipalities or groupings of smaller municipalities. Municipal delivery agents are accountable to the Ministry and report to the Ministry's 12 area offices. To facilitate the implementation of the Ontario Works Program, each municipal delivery agent was expected to complete a business plan for the first three years of the Program that described:

- the number and type of recipients who will be referred to each of the three components of the Program and the timeframe for referrals;

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- how recipients in need of basic education and training will be identified and referred to existing resources in the local community;
 - how the municipal delivery agent will ensure access for voluntary participants in each component, with a target of a minimum of 10% of total participants who are voluntary; and
 - the targeted outcomes against cost of delivery.

Each business plan is to be reviewed and approved by the Ministry and provides the basis for annual service agreements with each delivery agent.

In addition, the Ontario Works Program requires that all participants have a participation agreement that is tailored to their assessed needs and circumstances with clearly stated plans for educational upgrading, mandatory job search activities, community participation or employment placement or referrals, and expectations for follow-up.

The participation agreement has three main purposes:

- to outline social assistance recipients' requirement to participate in the Ontario Works Program as an ongoing condition of eligibility for social assistance and to acknowledge their agreement with what is expected of them;
- to detail the specific activities in which the recipient will participate; and
- to support the monitoring, benefit cancellation/reduction and appeals process.

The Ontario Works Program's budgeted expenditures for the 1997/98 fiscal year were \$170 million, of which \$62.8 million was actually spent.

OBJECTIVES AND SCOPE

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

- transfer payments to municipal delivery agents were reasonable and satisfactorily controlled; and,
- services provided by municipal delivery agents were monitored and assessed to determine whether they were meeting the Ministry's expectations.

The scope of our work included a review of the Ministry's administrative policies and procedures for the Ontario Works Program and in-depth interviews with staff at the Ministry's head office and three area offices. We also obtained information on the Program's operations from the area offices that we did not visit by means of a detailed questionnaire. Since the Program is delivered by municipal delivery agents, we also reviewed relevant documentation and interviewed staff at six municipal delivery agents and requested information from nine others by means of another detailed questionnaire. We conducted our audit during the period March to May 1998.

For the fiscal year 1997/98, GWA payments to First Nation members amounted to approximately \$40 million for approximately 7,000 recipients. Although First Nations are expected to participate in the Ontario Works Program, we excluded First Nations from the

scope of our audit because they were not participating in the Ontario Works Program at the time of our audit and had not received any Ontario Works Program funding.

Our audit was conducted in accordance with professional 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.

We were unable to rely on the work of the Ministry's Comprehensive Audit and Investigations Branch to reduce the extent of our audit work because the Branch had not reviewed or issued a report on the Ontario Works Program which is relatively new.

OVERALL AUDIT CONCLUSIONS

We concluded that transfer payments approved for municipal delivery agents were reasonably controlled in that they were directly related to the amount of services to be provided. However, we were unable to assess the adequacy of the Ministry's procedures for identifying and recovering funding surpluses, if any, since at the time of our audit most municipal delivery agents had not yet completed a financial settlement with the Ministry for the Program's first year.

We also concluded that the Ministry needed to improve its monitoring and assessment of services provided by municipal delivery agents to Ontario Works Program participants to determine whether they are meeting the Ministry's expectations. More specifically, it needed to ensure that:

- an appropriate number of participants are enrolled in the Community Participation and Employment Placement components of the Program;
- it can demonstrate that all social assistance recipients with participation requirements in the Ontario Works Program are in fact registered in the Ontario Works Technology information system or equivalent, and have entered into a participation agreement;
- the administration and effectiveness of the Program is adequately monitored; and
- corrective action is taken to address the many deficiencies identified with the computerized Ontario Works Technology information system.

DETAILED AUDIT OBSERVATIONS

PROGRAM FUNDING

Total funding to all municipal delivery agents for delivering the Ontario Works Program must not exceed \$200 million in any year. Funding for the Program has been allocated to each municipal delivery agent for the three program components based on their proportion of the provincial social assistance caseload as of October 1995. Municipal delivery agents may apply

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for funding up to their maximum funding levels but not beyond so that the Ministry can maintain funding equity across municipalities.

At Program maturity in 1998, the Ministry requires that 50% of total funding be used for Employment Support and 25% each for Community Participation and Employment Placement. The Ministry recognized that it may take some time to develop a balanced program and to restructure existing employment programs, and therefore permitted municipal delivery agents to spend more than 50% of their funding in the Employment Support component prior to maturity of the Program.

The costs for Employment Support are shared by the province and municipal delivery agents on an 80/20 basis respectively. Under the Program's funding formula, the province provides municipal delivery agents with up to \$200 per year, prorated on a monthly basis, for each participant in Employment Support.

For Community Participation, the province provides up to \$100 per placement month of 70 hours for each participant plus a \$50 one-time payment for each placement.

For Employment Placement, funding provided to municipal delivery agents is based on social assistance savings generated by the participant being placed in paid employment. One dollar out of every three dollars that otherwise would have been paid in social assistance payments can be provided as a fee to placement agencies. The maximum fee that is payable for a job placement under the Employment Placement component is based on a participant being placed in six months of paid employment and varies according to how much financial assistance the participant would otherwise have received. For example, the maximum fee payable for a single participant with no dependents would be \$1,200, while the maximum for a couple with two children over 13 years of age would be \$2,640.

Municipal delivery agents submit an annual budget request to the Ministry's area offices as part of their proposed annual service agreement. The budget request is based on the Ministry's funding formula and proposed participation targets for each of the three program components, subject to the maximum funding allocation. As a result, funding is directly tied to the amount of service to be provided. If targeted service levels are not achieved, payments are to be recovered after the year end.

In our 1997 report on ministry "Transfer Payment Agency Accountability and Governance," we noted that there was insufficient evidence at that time that the Ministry related the amount of an agency's total funding approval to an assessment of the underlying services to be provided. For example, we noted that the Ministry did not determine the cost per unit of service to permit the comparison of the costs for similar services or the identification of higher cost services that could benefit from a more detailed review.

We are pleased to note that the Ministry's funding mechanism for the Ontario Works Program addressed all of these concerns and commend the Ministry for the very significant improvement in this area.

However, we could not assess the adequacy of the Ministry's procedures for identifying and recovering funding surpluses, if any, because at the time of our audit most municipal delivery agents had not yet completed a financial settlement with the Ministry for the Program's first year.

STATUS OF THE ONTARIO WORKS PROGRAM

We were advised by senior ministry staff that when the Ontario Works Program was announced in June 1996, the intent was to have the Program phased in over a two-year period with the Program reaching maturity in 1998.

At the time of our audit in May 1998, all 63 municipal delivery agents participating in the Ontario Works Program had submitted three-year business plans to the Ministry and had obtained approval in principle from the Ministry to proceed with implementation. In addition, the Ministry had entered into annual service contracts including agreed targets and costs with 56 of the 63 municipal delivery agents.

However, the three-year business plans for many of the larger municipal delivery agents were reviewed and approved later in the two-year phase-in period which delayed the implementation of the Program in their areas. For example the City of Toronto, Windsor and the Regional Municipality of Ottawa-Carleton did not implement the Program until the fall of 1997.

Nevertheless, most area offices and municipal delivery agent staff that we contacted indicated that adequate Employment Support services were available in their communities and that program participants were now actively involved in them.

However, participation in the Community Participation component of the Program has been lower than expected. Between the inception of the Program and December 31, 1997, only 4,400 participants were in Community Participation placements, which represented 40% of the municipal delivery agents' agreed-to placement targets totalling 10,750.

We were advised by municipal delivery agents that the reasons for the low placement rates for Community Participation assignments included:

- a lack of community volunteer positions, due to program stipulations that restrict participation to organizations in the non-profit sector and to positions that do not displace an existing paid position; and
- the fact that the skills and experiences of many potential Ontario Works Program participants often did not match the needs of participating organizations.

In addition, municipal delivery agents indicated that developing the Community Participation component was a time-consuming and costly task that required extensive start-up work on their part. Many believed that the funding provided by the Ministry for developing and administering Community Participation was too low, which was another factor contributing to low placement rates.

However, most municipal delivery agents indicated that for the participants that they were able to place in Community Participation assignments, the experience was generally a positive one for both participants and the organizations receiving the participants.

For the Employment Placement component, most of the municipal delivery agents that we contacted indicated that they were either not delivering this component yet or were placing participants themselves because of a lack of interest on the part of private sector employment placement agencies in participating in the Program. We were advised that very few private sector employment placement agencies responded to the municipal delivery agents' request for proposal because most felt that the level of funding offered for the component was not

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adequate to compensate for the work that they would have to perform to place program participants.

We noted that between the inception of the Program and December 31, 1997, 3,005 participants had been involved with Employment Placement activities. This represented only 20% of the municipal delivery agents' agreed-to targets totalling 14,890 participants. In addition, of the 3,005 participants that were involved in Employment Placement activities, only approximately 1,200 had been placed in some form of paid employment.

Recommendation

The Ministry should review the operation of the Community Participation and Employment Placement components of the Ontario Works Program to determine the necessary changes to increase participation in these components.

Ministry Response

We agree. Ontario Works is an evolving program which was designed to build on early experiences. The Ministry is committed to the ongoing review of the program's operation, including the Community Participation and Employment Placement components of the Ontario Works Program and will continue to make the appropriate adjustments to expand opportunities for Ontario Works participants.

PROGRAM REGISTRATION AND PARTICIPATION AGREEMENTS

At March 31, 1998, Ministry records indicated that there were 232,758 GWA recipients who were required to participate in the Ontario Works Program. Of those, available information indicated that 177,817 (75%) were registered in the Program's Ontario Works Technology information system. Ministry officials advised us that the difference of approximately 55,000 between the required and actual number of registrants was primarily because some municipal delivery agents had not updated their Ontario Works Technology databases and municipal delivery agents representing a total of approximately 23,000, or 12%, of all recipients, were using other information systems for registering participants in the Ontario Works Program.

Every individual registered in the Ontario Works Program must develop a participation agreement with their caseworker. At a minimum, a participation agreement requires a recipient to look for paid employment while collecting social assistance and attend some Employment Support activities. Others may be directed to the Community Participation or Employment Placement components of the Program depending on what the municipal delivery agent caseworker feels is most appropriate for the individual.

Participants are required to sign the participation agreement to acknowledge that they have had the requirements explained to them and that they agree to perform the prescribed activities as a condition of eligibility for financial assistance. The participation agreement is required to be

updated regularly or as changes in circumstances occur. The agreement serves as a monitoring tool that can be used to support the cancellation or reduction of assistance.

We also noted that the Ministry's records indicated that of the 177,817 GWA recipients registered in the Ontario Works Technology information system, only 150,487 (85%) had active participation agreements. We were advised that the difference was due in large part to delays in inputting information into the Ontario Works Technology information system.

Recommendation

The Ministry should ensure that all municipal delivery agents update the Ontario Works Technology information system database or equivalent on a timely basis in order to demonstrate that:

- **all social assistance recipients who are required to participate in the Ontario Works Program are in fact registered in the Ontario Works Technology information system or equivalent; and**
- **all registered recipients have a participation agreement.**

Ministry Response

The Ministry is working closely with Ontario Works delivery agents to ensure that all participants have active participation agreements and that the information system databases are updated on a timely basis.

PROGRAM MONITORING

PROGRAM DEVELOPMENT

Municipal delivery agents are responsible for developing their own Ontario Works Program within the broad guidelines set by the Ministry. They are required to prepare detailed three-year business plans outlining how they will deliver the Program, including the three mandatory components, for review and approval by the Ministry.

Ontario Works Program guidelines require that the Ministry perform a review of the Program's status four months after its commencement by each municipal delivery agent. This review involved an examination of documentation that was in place for the Program including the procedures manual and the adequacy of training that was provided to municipal delivery agents' staff involved with the Ontario Works Program.

We found that the four-month program reviews for most municipal delivery agents were completed on a timely basis and that they were thorough and well-documented.

ONGOING MONITORING

Municipal delivery agents must provide the Ministry with quarterly reports of expenditures and achievement of service targets specified in the annual service agreements. These reports are required within 30 days of the end of each quarter and 45 days at the end of the year. Of the three area offices we visited, we found that six municipal delivery agents had not submitted the

required quarterly reports of targeted versus actual activity levels and expenditures, and four had submitted them.

Area office staff are also required to perform a detailed operational Program review for each municipal delivery agent every six months. This review is to consist of:

- examining program documentation such as manuals and guidelines;
- interviewing program staff to assess their level of knowledge and understanding of program requirements; and
- sampling individual participants' case files to ensure the presence of participation agreements and to determine whether caseworkers are properly monitoring participants.

We noted that at May 31, 1998, many area offices were behind on their six-month operational reviews for municipal delivery agents. For example, the required operational reviews of 11 delivery agents had been started but not completed, while for 21 others, the required operational reviews had not been started.

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Recommendation

To improve monitoring of ongoing activities of the Ontario Works Program, the Ministry should ensure that its area office staff receive all required quarterly reports of expenditures and services provided from municipal delivery agents on a timely basis.

In addition, area office staff should complete all overdue six-month operational reviews and reports, and complete and report on subsequent six-month operational reviews when they are due.

Ministry Response

The Ministry agrees, and all reviews will be completed by September 1998.

MEASURING PROGRAM EFFECTIVENESS

It is important that reliable outcome information be accumulated and analyzed on an ongoing basis in order that the Ministry can assess the effectiveness of the Program's activities and implement any necessary changes on a timely basis. However, we found that the Ministry did not have the necessary management information to assess the effectiveness of the Ontario Works Program. Instead, the information collected and reported regularly measured program activity levels only, such as the number of registrants with completed participation agreements and the number of participants in Employment Support, Community Participation and Employment Placement activities.

In addition, although the Ministry was able to provide us with information on the amount of time that program participants spent performing Community Participation activities, such information was not reported regularly.

Other indicators that the Ministry was unable to provide but which would be useful for assessing the Program include:

- the average amount of time, on a weekly or monthly basis, that participants spend in Employment Support and Employment Placement activities. Such information would provide an indication of whether participants are actively involved in these activities of the Program as required; and
- the average length of time that participants have remained in the Employment Support, Community Participation and Employment Placement components. A comparison of such information between municipal delivery agents would be an indicator of relative program efficiency and effectiveness.

We note that it is important that the Ministry have adequate information on the amount of time that participants are spending in Employment Support since the majority of Program activities are concentrated in this component.

To measure the impact that the Ontario Works Program has had on social assistance rolls, the Ministry needs to enhance its tracking of the number of people leaving these rolls and the specific reasons for their leaving on an ongoing basis. Such information would include:

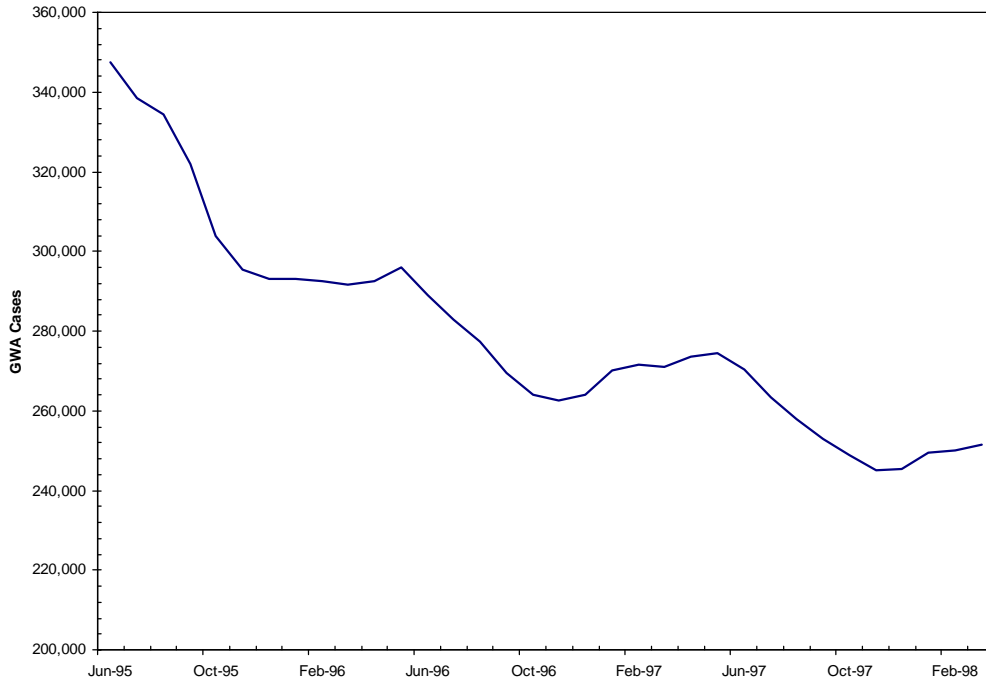
- the number of people finding employment who attribute their success to their participation in the Ontario Works Program, by nature of work found and whether the work was full-time, part-time or temporary;
- the number of people who previously had to participate in the Program but no longer have to, by reasons;
- the number of people who have moved to other forms of assistance or benefits;
- the number of people leaving social assistance rolls because they have left a municipality or the province; and
- the number of people who have been removed from social assistance due to non-compliance with Ontario Works Program requirements.

The Ministry has informed us that it is in the process of developing an automated database that will have the capability of producing reports with information on the Program's key performance and effectiveness indicators. Such information would be very useful to senior management for monitoring the Program's performance. We noted that some municipal delivery agents already had tools in place to capture this information.

Monthly General Welfare Assistance caseloads for the period June 1995 to March 1998 varied as follows:

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Ontario GWA Caseload June 1995 to March 1998



Source: Ministry of Community and Social Services

It should be noted that the number of GWA cases decreased significantly prior to the implementation of the Ontario Works Program in about October 1996. Most of the decrease after October 1996 related to recipients with mandatory Ontario Works Program requirements.

Recommendation

The Ministry should ensure that it captures the necessary management information and produces the appropriate reports with respect to the Ontario Works Program's key performance indicators for use in assessing the Program's effectiveness.

Ministry Response

We agree. The Ministry is currently developing a management reporting capacity based on the Ontario Works information system which will address key performance and effectiveness indicators for the 1998/99 fiscal year. The audit observations will be incorporated in the development of the management reports.

INFORMATION SYSTEMS

The primary computer system intended for use in managing the Ontario Works Program caseload and accumulating management information is Ontario Works Technology. This system was developed for the Ministry by a private sector firm as an interim solution to support the early implementation of Ontario Works. The system cost approximately \$8 million as of March 31, 1998 and was provided to municipal delivery agents for use in the Program.

Ontario Works Technology was designed to maintain information on each program participant including their participation agreement, resume, referral history, program activities completed to date and program costing. In addition, the system was to perform extensive matching of job profiles of client databases and Human Resources Development Canada (HRDC) job banks, capture details of local paid employment, community placements, training and educational opportunities, capture and maintain performance measurement data, and produce monthly corporate reports.

However, at the end of our audit in May 1998, Ontario Works Technology and supporting software required improvements, as the following examples illustrate:

- The system's management reporting features were not yet operational. For example, the system was not able to automatically summarize statistical information collected by municipal delivery agents for roll-up to the Ministry's area offices and head office. Instead, when statistical reports were requested, much of the information had to be collected manually.
- The system's Human Resources Development Canada job-bank-to-participant matching feature was only available in those municipal sites that were co-located with HRDC.
- Program staff in the Ministry's area offices did not have online access to the system because the system was set up only for use by municipal delivery agents' staff with no electronic connections to area offices. Online access by area offices would greatly benefit their program staff in terms of timing and ready access to reports contained on the system, and would provide hands-on ability to review and monitor program targets.
- Caseworkers indicated that they had to spend extensive time re-entering information about participants into the system due to the lack of compatibility between Ontario Works Technology and other ministry information systems. They were concerned that this took away time that could have otherwise been spent assisting Ontario Works participants to progress towards paid employment.
- The software program supplied by the Ministry to municipal delivery agents to extract statistical data from Ontario Works Technology for the quarterly reports required improvements, with necessary revisions being made on an ongoing basis.

Several of the area office staff and municipal delivery agents we visited and surveyed expressed concerns about the reliability of data generated from Ontario Works Technology. Some municipal delivery agents used their own systems to accumulate and report program data because of problems they were experiencing with the use of the Ontario Works Technology system.

The lack of compatibility and integration of computer systems used could affect data integrity, especially if program data had to be entered or removed from the systems more than once,

thus increasing the likelihood of inputting and deletion errors. Use of different systems by municipalities to collect and report program data would also affect the consistency of data. The fact that the systems were new and unfamiliar to program staff, and often updated and revised, also contributed to poor data integrity.

Most of the above noted concerns have been brought to the attention of the Ministry's information technology staff at head office for corrective action.

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Recommendation

The Ministry should ensure that the available information systems are adequately meeting the needs of the Ontario Works Program and the municipal delivery agents.

Ministry Response

The Ministry is continuing to make improvements to the interim Ontario Works information system, pending the implementation of the longer term information system.