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**MINISTRY OF COMMUNITY, FAMILY  
AND CHILDREN'S SERVICES**

**4.04—Support to Community Living  
Programs**

**(Follow-up to VFM Section 3.04, 2001 Annual Report)**

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**BACKGROUND**

The Ministry's Support to Community Living programs provide funding for a wide range of community-based support services and prevention strategies for adults and children who are disadvantaged or living in poverty. The main objectives of these services are to assist such vulnerable individuals to live as independently as possible in their communities and to reduce the need for more intrusive and costly institutional care. For the 2002/03 fiscal year, ministry expenditures for these programs totalled \$183.1 million. For the 2000/01 fiscal year, they totalled \$155.6 million.

In 2001, we concluded that the Ministry's administrative policies and procedures were not adequate to ensure that transfer payments were reasonably linked to the quality and level of services provided and that the funds were prudently spent for the purposes intended. We also concluded that the Ministry did not monitor and assess the services provided by transfer-payment recipients to ensure that they were meeting its expectations. In particular, we found that:

- Ministry payments for both emergency and domiciliary hostel placements exceeded the agreed-upon per diem rates. For instance, over the past three years, the Ministry paid one municipality \$16.5 million more than it was required to pay for emergency hostel stays.
- Funding for services paid for on a non-per diem basis was not based on a critical assessment of funding needs to ensure that the amounts provided were reasonable and commensurate with the level and quality of services provided.
- The Ministry had not implemented the governance and accountability framework it developed for all of its transfer-payment agencies in 1999. This framework is necessary to hold transfer-payment recipients accountable for the prudent use of ministry funds.

We made recommendations for improvements in a number of areas and received commitments from the Ministry that it would take the necessary corrective action.

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## CURRENT STATUS OF RECOMMENDATIONS

The Ministry's internal audit services reviewed the status of the Ministry's actions in response to our 2001 audit recommendations. We reviewed its work and determined that we could rely on it; we also received additional information from ministry program staff. We found from our review of the internal audit work and the other information received that the Ministry was in the process of taking action to implement our recommendations. The current status of ministry action taken on each of our recommendations is as follows.

### ***PROGRAM ADMINISTRATION***

#### **Program Funding—Domiciliary Hostels and Emergency Hostels**

##### **Recommendation**

*To ensure that it is not overpaying for emergency and domiciliary hostel services and that payments are made in accordance with the cost-sharing agreement between it and consolidated municipal services managers, the Ministry should:*

- *request information on actual hostel occupancies and on per diem rates and personal-needs allowances actually paid by consolidated municipal service managers to support monthly claims;*
- *verify that the monthly amounts claimed and paid do not exceed the maximum reimbursable amounts; and*
- *periodically verify the reliability of the information provided to detect ministry overpayments.*

##### **Current Status**

Ministry-wide policies and procedures requiring the verification of occupancy and per diem rate information to avoid monthly overpayments have not yet been developed. Nevertheless, one of the three regional offices visited in 2001, which accounts for approximately 70% of all emergency hostel expenditures, was proactive in addressing this recommendation, since the regional office now requests information on actual hostel occupancies, per diems, and personal-needs allowances paid in order to verify that the monthly amounts claimed do not exceed the maximum reimbursable amount.

In addition, to reinforce the requirement that claims do not exceed maximums, a ministry-wide compliance review and monitoring process is scheduled to begin in the fall of 2003.

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## **FUNDING DUPLICATION FOR EMERGENCY HOSTEL RESIDENTS**

### **Recommendation**

*To comply with the Ontario Works Act by ensuring that individuals who reside in emergency hostels for extended periods of time are not also collecting Ontario Works benefits, which include a shelter allowance, the Ministry should:*

- *formally assess the extent and impact of such occurrences; and*
- *if warranted, require that consolidated municipal service managers identify such individuals and develop procedures for taking corrective action where required.*

### **Current Status**

Although the Ministry has not conducted a formal assessment of the extent to which emergency hostel residents were also collecting Ontario Works benefits, a review of consolidated municipal service manager practices in the spring of 2002 identified the need for clarification in this area. In October 2002, the Ministry sent a bulletin to all consolidated municipal service managers, intended to clarify the issue of “funding duplication for emergency hostel residents.”

In addition, we were advised that Service Delivery Model Technology system changes to support policy requirements are scheduled for implementation in late 2003.

## **Program Funding—Homelessness Initiatives**

### **Recommendation**

*To ensure that funding for homelessness initiatives is spent prudently and in the most effective manner for meeting the needs of the homeless, the Ministry should ensure that:*

- *funding is approved and provided on a timely basis and is consistent with the recipients' ability to provide the services agreed to; and*
- *ministry funding is used only for the purposes intended.*

### **Current Status**

The Ministry stated that it continues to be committed to work within the government's funding approval process and to flow resources in a timely manner that reflects the ability of consolidated municipal service managers to provide services.

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## Program Funding—Interpreter/Intervenor and Children’s Services

### Recommendation

*To help ensure that ministry funding is reasonable and commensurate with the underlying services to be provided and that value for money is being received for services rendered, before funding is provided the Ministry should:*

- *require that agency budget submissions contain sufficiently detailed information on the services to be provided and the related costs to be incurred to enable informed funding decisions; and*
- *critically review and assess the reliability of that information.*

### Current Status

In most cases, agency budget submissions still lack sufficiently detailed information on the services to be provided and the related costs to be incurred to enable the Ministry to make informed funding decisions. However, the Ministry has initiated training sessions with program supervisors to help clarify expectations and their responsibilities in this area.

We also understand that the Ministry is in the process of examining variances in costs for interpreter and intervenor services across the province. This may help to address the issue of funding inequities noted in our *2001 Annual Report*.

## **ANNUAL PROGRAM EXPENDITURE RECONCILIATION**

### Recommendation

*To improve the effectiveness of the Ministry’s Annual Program Expenditure Reconciliation (APER) process for identifying inappropriate or ineligible expenditures, returning excess program funding to the Ministry, and supporting future funding decisions, the Ministry should ensure that:*

- *APERs contain sufficiently detailed and relevant information; and*
- *all surplus funds identified are returned to the Ministry on a timely basis as required by Management Board of Cabinet directive.*

### Current Status

The Ministry’s 2001/02 Annual Program Expenditure Reconciliation (APER) package provided to agencies included updated definitions of admissible and inadmissible expenditures.

However, the Ministry still does not ensure that the APERs and audited financial statements submitted by agencies include sufficiently detailed and relevant information to improve the effectiveness of the APER process. Therefore, the Ministry is still not in a position to

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effectively identify both inappropriate and ineligible expenditures. We were advised that staff training to improve the APER review and approval process began in the 2003/04 fiscal year.

With respect to excess funding, primarily surpluses self-identified by agencies were being returned to the Ministry within 24 months of each agency's year-end, in accordance with ministry policy.

## **ACCOUNTABILITY FRAMEWORK FOR AND GOVERNANCE OF TRANSFER-PAYMENT AGENCIES**

### **Recommendation**

*To help ensure that services provided are of an acceptable and reasonably consistent standard and represent value for money spent, the Ministry should implement and communicate to its staff an accountability framework that satisfies the mandatory requirements of the Management Board Directive on Transfer Payment Accountability.*

*To enhance and justify the reliance the Ministry can place in the cost-effective governance of transfer-payment recipients, the Ministry should ensure that the conditions for such reliance have been communicated and are in place.*

### **Current Status**

The Ministry's *Governance and Accountability: Framework for Transfer Payments to Community Agencies* was approved in April 2003. This document will be accessible to community agencies through the Ministry's Web site, as well as linked to the Ministry's transfer-payment budget package for the 2004/05 fiscal year. This framework outlines the basic requirements and required activities for ministry staff and agencies. We were also advised that a resource manual for boards of directors was being developed and is expected to be distributed to transfer-payment agencies in early 2004.

Beginning in the 2001/02 fiscal year, the Ministry required agencies to affirm that their boards of directors have the expertise and experience necessary to discharge their responsibilities and that they also have an appropriate governance and reporting structure in place.