BACKGROUND

Under provisions of the *Ontario Disability Support Program Act* (Act), the Ministry of Community and Social Services provides financial assistance to people with eligible disabilities (as defined by the Act) and to people aged 65 years and over who are not eligible for federal Old Age Security. Ontario Disability Support Program (ODSP) financial assistance is intended to provide for basic living expenses such as food, shelter, clothing, and personal needs items.

To be eligible for ODSP financial assistance:

- All applicants must demonstrate a financial need for assistance by providing evidence that their liquid assets and income levels do not exceed specified amounts.

- Most applicants must also be assessed to determine if their disability meets the eligibility threshold established by the Ministry. (No disability assessment is required for people who are already receiving federal Canada Pension Plan disability payments, for individuals aged 65 and over who are not eligible for federal Old Age Security, or for individuals residing in prescribed institutions such as psychiatric facilities.)

Approximately 95% of ODSP recipients are disabled. The majority of these are single persons without dependants, and approximately half have mental disabilities while half have physical disabilities. Mental disabilities include psychoses (for example, schizophrenia), neuroses (for example, depression), and developmental delays. Physical disabilities include diseases of the musculoskeletal system (for example, osteoarthritis), diseases of the nervous system (for example, Parkinson’s disease), and diseases of the circulatory system (for example, congenital heart disease). Given the special needs of these groups, most ODSP recipients receive assistance for a long time.

Employment support programs are available to ODSP recipients. However, unlike the recipients of Ontario Works benefits (Ontario Works is a social assistance program for employable individuals), ODSP recipients are not required to participate in such programs. As a result, relatively few ODSP recipients participate in them.
Financial assistance provided to ODSP recipients is greater than that provided to Ontario Works recipients. Examples of typical benefits are illustrated in the following table.

### Examples of Typical Monthly Benefit Payments

<table>
<thead>
<tr>
<th></th>
<th>Single Person ($)</th>
<th>Single Person with One Child* ($)</th>
<th>Couple with One Child* ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ODSP benefit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>basic allowance</td>
<td>516</td>
<td>772</td>
<td>875</td>
</tr>
<tr>
<td>maximum shelter allowance</td>
<td>414</td>
<td>652</td>
<td>707</td>
</tr>
<tr>
<td><strong>maximum benefit</strong></td>
<td>930</td>
<td>1,424</td>
<td>1,582</td>
</tr>
<tr>
<td>comparable Ontario Works benefit</td>
<td>520</td>
<td>957</td>
<td>1,030</td>
</tr>
</tbody>
</table>

* recipient with a non-disabled spouse and child 12 years of age or under.

Source of data: Ministry of Community and Social Services

Additional assistance is available, based on established need, for a number of other items, such as:

- health-related necessities, such as medical transportation, medical supplies, and special dietary items;
- basic dental and vision care;
- community start-up benefits to assist in the cost of establishing a permanent residence; and
- back-to-school and winter clothing allowances for eligible children.

Although ODSP benefits have not changed since 1993, the government’s spring 2004 budget proposed a 3% increase in monthly benefits. We understand that Ontario’s current ODSP benefits for basic needs and shelter costs rank fourth highest in Canada, behind Yukon, Nunavut, and the Northwest Territories.

ODSP is delivered by the Ministry’s nine regional offices and 44 local offices. The cost of ODSP financial assistance is shared between the province (80%) and the municipalities (20%). Program administration costs are shared equally between the province and municipalities.

For the 2003/04 fiscal year, the Ministry’s ODSP expenditures, including financial assistance expenditures, totalled approximately $2.5 billion, of which approximately $176 million represented administrative costs. These costs included salary, benefits, and other direct operating expenditures. Annual ODSP financial assistance expenditures and related caseloads have been increasing steadily over the past few years, as illustrated in the following table.
Average Monthly Caseloads and Financial Assistance Expenditures,
2000/01–2003/04

<table>
<thead>
<tr>
<th></th>
<th>2000/01</th>
<th>2001/02</th>
<th>2002/03</th>
<th>2003/04 (Estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>expenditure ($ 000)</td>
<td>2,037,900</td>
<td>2,049,609</td>
<td>2,098,033</td>
<td>2,277,037</td>
</tr>
<tr>
<td>caseload</td>
<td>191,873</td>
<td>192,040</td>
<td>194,140</td>
<td>200,503</td>
</tr>
</tbody>
</table>

Source of data: Ministry of Community and Social Services

Before June 1998, assistance for disabled or permanently unemployable individuals was provided under the Family Benefits Act. In June 1998, the Ontario Disability Support Program Act came into effect, establishing a program specifically for disabled people and eliminating the category of permanently unemployable recipients. However, to facilitate the program’s transition, recipients receiving Family Benefits as of June 1998 were automatically grandparented into the ODSP. As a result, we were informed that the current ODSP caseload consists of 60% grandparented former Family Benefit recipients who, although they are not required to have medical reassessments, are required to undergo financial reassessments.

AUDIT OBJECTIVES AND SCOPE

Our audit objectives for the Ontario Disability Support Program (ODSP) were to assess whether:

- Ministry policies and procedures were adequate to ensure that only eligible individuals received financial assistance and that any financial assistance provided was in the correct amount; and

- the Ministry’s recently implemented Service Delivery Model (SDM) was adequately supporting the economical and efficient delivery of the ODSP.

The scope of our audit included a review and analysis of relevant ministry files, policies, and procedures, as well as interviews with appropriate staff, at the Ministry’s head office and at three regional offices. We also held discussions with members of the ODSP Action Coalition, an advocacy group with representation from community legal clinics and various other organizations. In addition, we contacted the Chair of the Social Benefits Tribunal (which hears appeals regarding benefits that have been denied by the Ministry), but we were advised that neither she nor other Tribunal members were willing to meet with us.

We also reviewed the SDM (the Ministry’s new information technology system and business processes, used both by ODSP and Ontario Works) to assess whether it was adequately supporting the administration of ODSP—for example, providing the information staff needed to effectively run the program—and to determine whether
the problems noted in our 2002 audit of Ontario Works had been adequately addressed.

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

Our audit work was conducted primarily in the period from November 2003 to May 2004, emphasizing program expenditures and procedures during the 2002/03 and 2003/04 fiscal years. We concentrated on areas with the largest program expenditures—basic needs and shelter assistance, which together constituted approximately 94% of total program expenditures. Our audit was performed 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.

We did not rely on the Ministry's internal audit branch to reduce the extent of our audit work, because the branch had not recently conducted any audit work on the ODSP. In the spring of 2003, the internal audit branch and an IT consulting company jointly reviewed a number of aspects of the SDM, including technical support, the SDM management framework, and the knowledge transfer process from Accenture (the contractor that helped develop the SDM) to the Ministry with respect to application maintenance and support. We reviewed this report but noted that it did not directly relate to the scope of our audit.

OVERALL AUDIT CONCLUSIONS

Although management of the Ontario Disability Support Program has instituted some improvements to the program since its inception (such as a triage process for reviewing new disability applications), the Ministry's procedures were still not adequate to ensure that only eligible individuals receive disability support payments in the amounts they are entitled to. Implementing substantial program improvements will be all the more challenging since the Ministry's new management information system was not yet adequately supporting the delivery of the program. Some of our more significant observations were as follows:

- For many applicants, initial disability assessments were not completed on a timely basis, which often adversely affected the benefits eligible applicants received. We did find, however, that, for the approximately one-quarter of applicants who were clearly eligible, the introduction of a new triage process has expedited the granting of assistance to them.
• Although the initial assessment of disability eligibility was done by a qualified professional such as a registered nurse or other health practitioner, we found that appeals heard by the Social Benefits Tribunal—consisting primarily of lay representatives—overturned the initial eligibility decision in about 80% of the appeals heard. However, no formal investigation had been done into the reasons for such a high rate of overturned decisions. On the other hand, we did note that the Ministry had recently undertaken several initiatives to improve the consistency of the disability determination process.

• Ministry requirements for determining and documenting financial eligibility were often not met. Three-quarters of the files we reviewed lacked one or more of the information requirements necessary for establishing a recipient’s eligibility and the correct amount of assistance to be paid, yet the individuals were still approved as being eligible for assistance.

• The Ministry has established a policy requiring that all recipients’ financial eligibility be reassessed every three years. While this is a prudent control, we found that, at the three regional offices we visited, the required reassessments had not been done for over 35,000 recipients—representing 45% of the regions’ collective caseload. When reassessments were performed, we found that required information was often lacking, just as it was lacking when financial eligibility was initially assessed. Since approximately one-third of those reassessments that were completed resulted in changes to recipient entitlements, it is critical that these periodic eligibility reassessments be properly completed on a timely basis.

• The Ministry’s efforts to collect over $480 million in benefit overpayments were inadequate. Approximately $210 million of the overpayments were designated as “temporarily uncollectible,” in many cases for reasons unknown. For $164 million of this amount, the “temporarily uncollectible” designation was given in 1998 and was to extend until December 2005 to allow the Ministry time to establish the validity and collectibility of these accounts. Since successful collection often depends on timely initial contact with the debtor, such lengthy delays will undoubtedly result in foregone collection opportunities.

• Caseworkers often did not undertake timely follow-up of important new information that may have affected a recipient’s eligibility for benefits. For example, as at December 2003, about 12,000 follow-up tasks assigned to caseworkers involving such new information had been outstanding for over six months, and many had been outstanding for over one year.

• The new Service Delivery Model information system lacked key internal controls, still did not meet certain key information needs of ministry users and recipients of disability support payments, and continued to generate errors and omit information for reasons that could not be explained.
DETAILED AUDIT OBSERVATIONS

In our 1996 audit of the Provincial Allowances and Benefits Program (FBA), which was the ODSP’s predecessor program, we concluded that the Ministry’s administrative procedures required significant strengthening to ensure that, among other things, only eligible individuals receive benefits and that benefits are paid in the correct amount.

At the time of our 1998 follow-up to that audit, many of our 1996 recommendations had not been adequately addressed. However, at that time the Ministry indicated that it was initiating the development of new business processes and information technology (collectively referred to as the Service Delivery Model, or SDM) to support the transformation of the then General Welfare Assistance and FBA into the Ontario Works program and the ODSP. The Ministry also indicated that the SDM would address many of the concerns noted in our 1996 audit and other similar audits around that time.

The SDM system, which was developed by the Ministry and Accenture, was implemented in the 2001/02 fiscal year. Both the ODSP and the Ontario Works program now use the SDM system for the administration of their programs.

In our 2002 audit of Ontario Works, we noted that there were a number of problems with the SDM’s functionality and performance, with the result that most of the expected benefits to program delivery remained to be realized. We also concluded that the Ministry had little assurance that Ontario Works benefits were being paid only to eligible individuals and in the correct amount.

Since January 27, 2002, the Ministry’s Information Technology cluster has been responsible for the SDM’s operation. In addition, in October 2002 Accenture was awarded a three-year contract, totalling $37.9 million, to provide application maintenance and support services for the SDM. That contract’s major objective is to deliver required service and operational quality improvements needed to correct outstanding system deficiencies.

ONTARIO DISABILITY SUPPORT PROGRAM ADMINISTRATION

Eligibility for Benefits

Eligibility for ODSP benefits consists of two separate components: financial eligibility and (for most applicants) medical eligibility. Medical eligibility need not be established for some recipients—for example, people aged 65 and older who are not eligible for federal Old Age Security—but only about 4% of ODSP recipients fall into such categories.
When people apply for ODSP benefits on the basis of having a disability as defined by the *Ontario Disability Support Act*, a screening process is generally used to arrive at a preliminary assessment of their financial eligibility. Those who are deemed financially eligible after this initial screening then receive an in-depth disability assessment to determine whether or not they meet the disability criteria. The assessment is undertaken by the centralized Disability Adjudication Unit (DAU), and if it is determined that an applicant meets the disability criteria, that applicant’s financial eligibility must be reconfirmed to make sure that all required information and documents are on file and up to date before benefits are paid.

To ensure that recipients remain eligible on an ongoing basis, Ministry policy requires that:

- financial eligibility be formally reassessed every three years (such a reassessment is called a Consolidated Verification Process, or CVP); and
- where applicable, a formal medical reassessment be conducted within a two- or five-year period (as determined during the initial disability assessment), unless the initial disability assessment shows that the recipient’s condition is unlikely to improve.

In addition to these scheduled formal reassessments, whenever the Ministry receives new information (for example, in complaint calls or letters) that might affect a recipient’s eligibility and/or payments, a caseworker is expected to look into the matter. If further investigation is warranted, the caseworker forwards the complaint to one of the Ministry’s eligibility review officers (see Management Activities later in this report).

**MEDICAL ELIGIBILITY**

**Disability Determination Process**

Once the preliminary screening process determines that an applicant is financially eligible, he or she is sent a disability determination package. The package contains three forms: a health status and activities of daily living index report, a form indicating the applicant’s consent to have medical information disclosed to ODSP, and a self-report. The first form, which must be completed by a physician or other prescribed professional, gathers information about the applicant’s principal medical condition(s) and their impact on daily living activities. The second form must be completed by every applicant. Completing the third form, which is voluntary, gives applicants the opportunity to describe how their disability affects their daily life.

We noted that the completion of all forms is the responsibility of the applicant—the ODSP office does not provide any assistance in this regard in order to promote applicant self-reliance. However, this practice may make it difficult for many applicants with physical or mental disabilities to complete forms properly, and their applications may be rejected as a result. Although organizations such as community legal clinics often provide assistance in helping applicants through the process, such organizations
are not able to meet the demand for assistance, and we understand that consequently
many people cannot be assisted and are turned away.

The completed forms are forwarded to the centralized Disability Adjudication Unit
(DAU) for review. An adjudicator—usually a health professional such as a nurse, an
occupational therapist, or a rehabilitation counsellor—reviews the forms. The
adjudicator determines whether or not the applicant has an eligible disability (that is, a
disability as defined by the *Ontario Disability Support Program Act*) and is therefore
eligible to receive assistance. For applicants who are assessed as having an eligible
disability, the adjudicators may set a date for a disability reassessment (see Medical
Reassessments later in this report). In the 2003 calendar year, approximately 50% of all
applicants for whom an initial disability assessment was completed were assessed as
having an eligible disability and were therefore granted ODSP financial assistance.

If an adjudicator determines that an applicant does not have an eligible disability, the
applicant may request an internal review of the decision. A different adjudicator then
reviews the application and must provide to the applicant, in writing, the reasons for
the decision resulting from this review within 10 calendar days of receiving the request.

An applicant who is still found not to have an eligible disability by the internal reviewer
may appeal the decision to the Social Benefits Tribunal within 30 days of the internal
review decision. (See Social Benefits Tribunal Appeals later in this report.)

**Timing of Disability Decisions**

During the 2003 calendar year, the DAU received approximately 29,000 applications
for benefits. The unit has approximately 30 adjudicators on staff, 22 of whom are
assigned to adjudicate applications for benefits at any given point in time (most of the
other adjudicators are involved in quality control activities and appeals to the Social
Benefits Tribunal). However, since the unit has not established a standard for how
many applications each adjudicator can reasonably be expected to process, the unit’s
capacity to adjudicate applications at its current staffing level has not been determined.
There are, however, significant backlogs.

Under provisions of the *Ontario Disability Support Program Act*, when the Ministry
determines that an applicant is eligible for benefits, payments are retroactive to that
applicant’s “effective date of eligibility” (also called the grant date), which is generally
the later of the day on which the completed application was submitted and the day that
is four months before the day on which the medical eligibility decision is made.
Therefore, an applicant’s benefits are adversely affected whenever the Ministry takes
more than four months after receiving a completed application to decide that an
applicant is eligible.

To help ensure that all applicants are treated equitably, applications are adjudicated on
a first-in/first-out basis. Although the Act does not specify a time frame by which the
DAU must decide on an applicant’s medical eligibility, the unit itself has established an
internal goal of 45 business days from the time an application is received to the time a final eligibility determination is to be made.

To expedite the initial eligibility assessment for clearly medically eligible applicants, in early 2003 the Ministry established a triage process requiring that all new applications receive an initial review within seven days of their receipt. At the end of 2003, about 24% of triaged applicants had been found to be eligible for benefits; the remaining 76% of the applications had been held after triage for a more detailed eligibility assessment at a later date.

We found in our review of ministry statistics for the files held after triage that many of these files were not adjudicated within the DAU’s established goal of 45 business days following receipt, or even within the 80 business days after which applicants’ benefits were adversely affected. For example, at the end of December 2003, the DAU was beginning the process of adjudicating 2,285 applications that had been received during August 2003 and were therefore already more than 80 business days old. We understand that there were 10 other weeks during 2003 where the DAU was beginning to adjudicate a weekly average of 376 applications that were more than 80 business days old.

The following factors contribute to these delays:

- The volume of applications received exceeds the DAU’s staffing capacity to process them. We understand that, although the DAU was expected to receive approximately 400 applications per week, it has been receiving an average of 600 applications per week over the last year.

- The Ministry receives more applications than it should because individuals previously found to be ineligible often submit multiple applications. Some applicants have reapplied for benefits up to six times.

In addition, information in the applications may be missing or contradictory. In this regard, we understand that medical forms are often not being adequately completed. For example, ministry-prepared statistics indicated that in fully 40% of the applications received, the medical practitioners failed to answer a crucial question involving the expected duration of the applicant’s condition. Similarly, approximately 16% of applications in one year lacked other required medical information. Medical eligibility cannot be determined until the missing information is obtained—an undertaking that can often take considerable time.

**Documenting of Disability Decisions**

Since a DAU adjudicator’s ultimate decision to grant or not to grant ODSP benefits is to some extent subjective, it is vital to adequately document the reasons for each decision so that those reasons can be demonstrated to be fair whenever the file is reviewed.
However, Ministry staff advised us that beginning in March 2002 (the start of the Ontario government’s two-month labour strike), the reasons supporting disability decisions were no longer documented. We understand that this practice continued until July 2003. Our review of a sample of files adjudicated before March 2002 found that for approximately half those files, the reasons for the disability decision were also not documented. However, we are pleased to report that our review of files adjudicated after July 2003 found that the reasons for the decision made were consistently documented, and we encourage the Ministry to maintain this practice.

Internal Reviews and Decision Monitoring

During the 2003 calendar year, 8,475 applications for assistance were denied at the time of initial adjudication and the applicants requested an internal review. As a result of these reviews—which were performed by an individual adjudicator—the initial decision was overturned and assistance was granted to 641 (7.6%) of those applicants.

In January 2004, the Ministry initiated a pilot project under which a panel of five adjudicators conducted all internal reviews requested by applicants. During the first three months of 2004, the panel reviewed 1,140 such files and overturned the decision not to grant benefits for 245 (21%) of all those reviewed. This rate of overturning decisions was approximately three times the rate noted above for the 2003 calendar year when only one person adjudicated applications. Such a difference in the rate of overturning decisions clearly raises questions as to which process should be utilized in order to ensure that the most reliable decisions are being made.

In addition, in early 2004 the Ministry compiled statistics with respect to the rates at which individual adjudicators denied benefits. Our review of these statistics indicated that for the period July 2003 to December 2003, the rates at which individual adjudicators denied benefits ranged from 47% to 91% of the applications they initially considered. In March 2004, the Ministry initiated a quality assurance pilot project to investigate the reasons for such significant variances.

While neither pilot project had been completed by the end of our audit, preliminary indications were that the reasons for variance in the number of decisions that were overturned by single adjudicators compared to the five-adjudicator panel and for the variance in the rates at which individual adjudicators denied benefits include the following:

- Contrary to the requirements of the *Ontario Disability Support Program Act*, some adjudicators were not considering the cumulative effect of an applicant’s multiple disabilities. Instead, some decisions were based on only the main one or two impairments.

- Since the reasons for some decisions were poorly documented and/or inadequately explained, it was not clear that all adjudicators were following a reasonable and comparable process.
Individual adjudicators conducting internal reviews may be reluctant to overturn many of the original decisions due to concern that a high rate of reversals might cause friction or discord between the reviewer and the co-worker whose decision is overturned. With a panel of reviewers, responsibility for overturning a previous decision is spread across panel members, eliminating that concern.

Given the above and the significant number of decisions that are ultimately overturned by the Social Benefits Tribunal (see next section), the Ministry should consider introducing a regular supervisory review process over both initial eligibility determinations and the outcomes of internal reviews.

**Recommendation**

To help ensure that all eligible applicants receive the assistance that they are entitled to, the Ministry should:

- take the steps necessary to ensure that all initial eligibility determinations are completed within four months, or approximately 80 business days, following the receipt of a completed application;
- adequately document the reasons for all eligibility determinations so that they can be demonstrated to be reasonable and fair; and
- introduce a regular supervisory review process over both initial eligibility determinations and the outcomes of internal reviews, and address any concerns arising from those supervisory reviews on a timely basis.

**Ministry Response**

The Ministry agrees and has taken steps so that all initial eligibility determinations are now completed within four months following the receipt of a completed application. Documentation standards have been developed so that all decisions can be demonstrated to be reasonable and fair. The quality assurance process and internal review panel have proven effective and will be maintained on an ongoing basis. Regular reviews of initial eligibility determinations and the outcomes of internal reviews are being conducted, and corrective action is taken as necessary.

**Social Benefits Tribunal Appeals**

Applicants who remain unsatisfied after the internal review decision can appeal to the Social Benefits Tribunal (Tribunal). The Tribunal is an independent body that operates at arm’s length from the Ministry. Unlike the DAU adjudicators who have a medical or social service background, members of the Tribunal are lay people who do not necessarily have these qualifications. The Tribunal can hear two types of appeals: income support appeals and disability determination appeals. Generally, income support appeals relate to disagreements concerning the calculation and recovery of an
overpayment, while disability determination appeals relate to an applicant’s eligibility for benefits.

If the Tribunal overturns a previous ministry decision, the Tribunal’s decision is retroactive to the date that the Ministry first made a decision regarding the issue that the appeal was based on.

In the 2003 calendar year, the Tribunal’s ODSP-related activities were as shown in the following table.

### ODSP-related Activities by Social Benefits Tribunal, 2003

<table>
<thead>
<tr>
<th></th>
<th>Income Support Hearings</th>
<th>Disability Determination Hearings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>decisions overturned</td>
<td>60</td>
<td>22</td>
</tr>
<tr>
<td>decisions upheld</td>
<td>188</td>
<td>69</td>
</tr>
<tr>
<td>decisions varied</td>
<td>23</td>
<td>9</td>
</tr>
<tr>
<td>Total number of hearings</td>
<td>271</td>
<td></td>
</tr>
</tbody>
</table>

Source of data: Ministry of Community and Social Services

Ministry staff were unable to explain why the Tribunal overturned the DAU’s disability decisions in 80% of the appealed cases. We contacted the Tribunal to discuss the reasons for such a high percentage of overturned decisions, but we were advised that neither the Tribunal’s chair nor any other tribunal members were willing to meet with us.

As of December 31, 2003, there were 4,234 ODSP appeals waiting to be heard by the Tribunal. Of those, 2,661 (63%) were disability determination appeals; the rest were income support appeals. We also noted that the Ministry was unable to determine the average length of time between the request for an appeal and the final tribunal decision. However, our review of a sample of appealed files noted that, on average, applicants waited about one year for the Tribunal’s hearing and decision.

### Recommendation

The Ministry should, in consultation with the Social Benefits Tribunal, determine the reasons for the high rate at which the Tribunal overturns ministry eligibility decisions.

### Ministry Response

The Ministry and the new Chair of the Social Benefits Tribunal have agreed to meet periodically to review trends. The new Chair would also welcome the opportunity to meet with the Provincial Auditor.
Medical Reassessments

The Ontario Disability Support Program Act requires that the person determining that an applicant has a disability covered by the Act must—when making the initial determination—set a date for a follow-up review of the initial determination, unless he or she is satisfied that the applicant’s impairment is not likely to improve. Where applicable, medical reassessments are scheduled—at the adjudicator’s discretion—within two or five years.

Regular medical reassessments are an important part of ensuring that only eligible individuals continue to receive ODSP support. From mid-2000 to March 2002, the Ministry completed medical reassessments for approximately 2,700 recipients, with adjudicators determining that 204 (8%) were no longer eligible. According to ministry staff, the majority of recipients thus deemed to be not eligible appeal the decision to the Social Benefits Tribunal and continue to receive benefits until the appeal is heard.

In March 2002, however, due to the backlog of applicants waiting for an initial disability assessment—resulting in part from a 7.5-week-long labour disruption—the Ministry decided to focus all DAU adjudicators’ efforts on initial applications and to stop performing medical reassessments.

As of December 2003, ministry staff estimated that 14,000 medical reassessments, or 84% of the total medical reassessments to be performed since ODSP’s 1998 inception, were overdue.

Recommendation

To help ensure that only eligible recipients continue to receive benefits, the Ministry should perform the required periodic medical reassessments within a reasonable time frame.

Ministry Response

The Ministry agrees and has established a quality assurance process, which will begin to address the issue of performing periodic medical reassessments within the bounds of available resources.

FINANCIAL ELIGIBILITY

Financial Assessment Process

As noted earlier, financial eligibility is initially established by a preliminary screening at the start of the application process and must be reconfirmed after medical eligibility has been determined. A formal financial reassessment (called a Consolidated Verification Process, or CVP) is to be performed every three years after a recipient begins receiving benefits.
Ministry staff assess a person’s financial eligibility for assistance through an income and asset test. To be financially eligible, a person’s total assets must be no higher than the following values:

- $5,000 for a single person;
- $7,500 if there is a spouse or same-sex partner in the benefit unit;
- plus $500 for each additional dependant.

Cash, bank accounts, RRSPs, and other assets that can be readily converted to cash are considered when calculating a person’s total assets. Certain assets—such as a principal residence, a primary vehicle, locked-in RRSPs, and trust funds in the amount of less than $100,000—are not considered when assessing whether the person’s assets are within the prescribed limits.

When assessing a person’s income levels, income from such sources as employment, the Canada Pension Plan, the Workplace Safety and Insurance Board, and Employment Insurance is taken into account. Generally, to be eligible for even a partial ODSP benefit under the Ministry’s Support To Employment Program (STEP), a single person must have income under approximately $16,800 per year.

Individuals in immediate financial need who meet the Ontario Works program’s stricter income and asset tests can obtain financial assistance through Ontario Works while waiting for an initial disability determination from ODSP. We understand that approximately 67% of ODSP applicants apply while receiving Ontario Works benefits.

**Documenting of Financial Eligibility**

All applicants must provide the Ministry with the information necessary to demonstrate their eligibility for financial assistance and to determine the correct amount of assistance to be paid. Ministry policy requires that, for verification purposes, copies of certain documents/information be placed on file and certain documents/information be noted on file as visually verified. The following table specifies how these requirements apply to particular documents/information.
Verification Requirements by Document/Information Type

<table>
<thead>
<tr>
<th>Type of Document/Information</th>
<th>Copies Required to be Placed on File</th>
<th>Original Required to be Visually Verified</th>
</tr>
</thead>
<tbody>
<tr>
<td>social insurance number</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>health number</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>proof of all family members’ identity and date of birth</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>verification of income</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>verification of assets/banking information</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>verification of shelter costs</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>school verification for dependants over 16</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>verification of person’s status in Canada</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>information regarding debts</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source of data: Ministry of Community and Social Services

The above information may be obtained directly from the applicant or from third parties such as the Canada Revenue Agency via information-sharing agreements. Any missing document or piece of information could have a significant impact on determining financial eligibility and/or the correct amount to be paid.

We reviewed a sample of recipient files for which initial benefits had been granted in 2003 to determine whether all required financial documentation was either on file or visually verified. In the three offices we visited, an average of approximately 75% of the reviewed files did not have at least one (and in a few cases up to three) of the information requirements on file.

The rates at which required information was lacking were comparable to those cited in our 2002 Ontario Works audit and in our 1996 audit of the ODSP’s predecessor, the Ministry’s Provincial Allowances and Benefits Program. As a result, little if any improvement has been realized in this area.

According to Ministry staff and our own observations, there were two main reasons why required documentation and other information needed for determining financial eligibility was so often missing:

- Ministry staff assumed that Ontario Works recipients who currently are being transferred to the ODSP (roughly 67% of all applicants, as noted earlier) were automatically financially eligible for ODSP, and therefore, in most cases, no additional work was undertaken to establish financial eligibility for ODSP.

However, although Ontario Works and ODSP have similar financial eligibility requirements, their documentation requirements differ. Thus, at least some verification needs to be done for most transferred files. In particular, ODSP documentation standards require that copies of banking information for 12 months before the application date be reviewed and kept on file. However, under Ontario
Works, banking information is only to be visually verified; no copies are placed on file.

- Ministry staff were either not aware of or not adhering to the requirements for determining—through checks with third parties such as the Canada Revenue Agency—whether or not an applicant had any income (for example, employment income, Canada Pension Plan income, and so on). At one office we visited, we noted that the problem was a lack of awareness. Although staff in the other two offices we visited were aware of the requirements, the files indicated that the requirements were not being adhered to.

We also noted that third-party confirmation of Employment Insurance is not required during the initial financial assessment, but is mandatory during subsequent reassessments (the CVPs). If such checks are valuable enough to be mandatory in CVPs, we believe that they should also be mandatory when conducting the initial financial assessment.

**Recommendation**

To help ensure that all recipients are financially eligible to receive Ontario Disability Support Program (ODSP) financial assistance and that the assistance provided is in the correct amount, the Ministry should:

- reinforce with all relevant ministry staff its requirements for obtaining, documenting, and correctly assessing the required recipient information, including information for those recipients transferred from Ontario Works; and
- consider the benefits of including Employment Insurance, where applicable, as a mandatory third-party check during an applicant’s initial financial assessment.

**Ministry Response**

The Ministry agrees and has introduced a computer-based and instructor-led training program for Ontario Disability Support Program staff that includes a comprehensive module on documentation requirements. The Ministry will clarify the circumstances under which an Employment Insurance third-party check should be completed during initial financial assessment.

**Financial Eligibility Reassessments**

Ministry policy requires that a financial eligibility reassessment—a CVP—be completed every three years. The CVP includes a review of the current file and an interview with the recipient (who is asked to bring in up-to-date supporting documentation such as bank account information) and also involves obtaining certain information from third
parties via information-sharing agreements. CVPs are conducted by a group of specialized caseworkers rather than by those who do the initial financial assessments and the day-to-day case management. We believe the CVP process, if working as intended, is well structured and is a generally sound and necessary process for periodically verifying the continued financial eligibility of recipients.

The Service Delivery Model (SDM) computer system is programmed to automatically flag files that require a CVP if certain information in the file suggests that the recipient is at particular risk of ceasing to comply with eligibility requirements. Currently, seven criteria can trigger a risk flag. For example, the system applies a high-risk flag to any file in which the recipient’s accommodation costs represent 80% or more of the allowance, as well as to any file for which a CVP has not been undertaken for 35 or more months.

However, the SDM risk-ranking system is not being used to select files for CVP reviews. According to Ministry staff, the current risk criteria do not appropriately reflect the risk factors specific to the ODSP. Therefore the Ministry has decided instead to select files for CVP according to the date on which they were last financially assessed or reassessed, prioritizing the files that have gone without review for the longest time. Unfortunately, this selection method does not identify differences in the cases’ risk levels. As a result, CVPs are performed on many low- or medium-risk files when reviewers’ time could be more productively spent working on the highest-risk cases first. For example, no matter when the last financial (re)assessment occurred, the financial eligibility status of recipients who are severely disabled is less likely to have changed than that of recipients who are less disabled and who therefore have previously been, or might at some point become, able to earn employment income in addition to their ODSP benefits.

We examined the CVP aging reports at the three regional offices we visited and noted that there were a total of 35,352 overdue CVPs. The files involved were either reassessed or initially assessed on dates ranging from January 1974 to January 2001. This represented 45% of the regions’ collective caseload.

The requirement to do a CVP every three years would mean doing approximately 60,000 CVPs each year given the program’s current caseload. Information in the SDM indicated that in 2003, the Ministry completed only 31,963 CVPs. According to the SDM, over a third of the completed CVPs resulted in changes in entitlement—due to, for example, the discovery that benefits were being overpaid, underpaid, or paid to people who were not financially eligible. The Ministry tracked dollar amounts for only the overpayments, which amounted to at least $8.5 million: due to a problem with the SDM during the first two months of 2003, not all overpayments were included in that total.

However, when we reviewed a sample of files that the SDM showed as having undergone a CVP, we noted that in some instances, caseworkers had incorrectly
entered that a CVP had been done when no CVP had been completed. Thus, the number of completed CVPs reported by the SDM is overstated.

We examined a sample of files that had undergone recent CVPs to determine whether all required financial documentation was either on file or visually verified and whether the correct amount of assistance was being paid. In most cases, we were unable to determine whether the correct amount was being paid due to the following reasons:

- At least one of the CVP information requirements was lacking. This was the case for 74% of the files we examined. For example, in many cases, the required bank statement was not on file.

- In some cases, certain information in the files should have been followed up on but was not; follow-up might have indicated that the amount of assistance being paid was not correct. For example:
  - We noted three unexplained deposits on one recipient’s bank statement, but the CVP reviewer had not questioned what these amounts pertained to. The deposits could have related to relevant information such as potential sources of income, which would have resulted in a reduction of benefits.
  - In one case, National Child Benefit Supplement income deposited in a recipient’s bank account did not equal the amount deducted from the recipient’s benefits. This discrepancy had not been noted during the CVP and could not be explained by the Ministry.

While there is room for improvement in both the timeliness and completeness of CVPs, we did note several instances in which CVP financial reassessments—specifically, the mandatory third-party checks—resulted in ensuring that recipients received the correct amount of assistance and that benefits were terminated for those who were not eligible. For example, the Ministry found the following:

- During a CVP interview, a recipient disclosed that he was living common-law and was receiving monthly inheritance payments. This information had not previously been declared to the Ministry. A subsequent investigation concluded that the inheritance (of which the balance in the trust account at that time was $522,582) exceeded ODSP’s $100,000 asset limit for trust accounts. As a result, the recipient’s benefits were terminated and the individual was requested to repay the overpayment of $27,300.

- In another case, a Canada Revenue Agency third-party check performed in December 2003 uncovered undeclared Canada Pension Plan income dating back to March 1995. The resulting overpayment was determined to be $21,600, and ongoing monthly benefits were reduced.
Recommendation

To help ensure that only financially eligible recipients continue to receive benefits, and that benefits are paid in the correct amount, the Ministry should:

- establish appropriate risk-ranking criteria for selecting files for the Consolidated Verification Process (CVP) and incorporate those criteria into the Service Delivery Model system so that the highest-risk cases can be reassessed first; and
- through training and supervisory review, ensure that all required CVP verification procedures are properly completed and documented.

Ministry Response

The Ministry agrees and will be hiring 72 additional staff to complete Consolidated Verification Process (CVP) reviews for the Ontario Disability Support Program. New risk criteria and a revised process for selecting cases for review have been developed. Phased implementation of the new policy/process will begin on new cases this fiscal year. Updated CVP training has been developed and implemented. Regular reviews will be conducted so that all required CVP verification procedures are properly completed and documented.

Recovery of Overpayments to Recipients

Overpayments occur when recipients are paid more assistance than they are entitled to receive. As of December 2003, information contained in the SDM system indicated that outstanding overpayments for more than 61,500 active accounts (that is, amounts owed by people who were still receiving benefits) totalled $179.9 million. Outstanding overpayments on approximately 71,000 inactive accounts (that is, amounts owed by people who were no longer receiving ODSP benefits) totalled $303 million as of that date.

During the 2003 calendar year, repayments totalling $31.6 million were collected on active accounts (17.6% of the total for such accounts). On inactive accounts, repayments totalled $16.2 million (5.3% of the total). Together, the repayments on all accounts totalled $47.8 million (9.9% of the total for both types of accounts).

Actual recoveries of overpayments were less than they might otherwise have been for the following reasons:

- No effort is made to recover overpayments that are designated as “temporarily uncollectible.” This designation applies to approximately $210 million of total outstanding overpayments relating to both active and inactive accounts.
- Little effort is made to recover overpayments from inactive accounts.
• For over one-quarter of all active accounts with collectible overpayments, the Ministry does not recover the overpayment through deductions from the account-holders’ current monthly assistance payments, as is the practice set forth by regulation. We understand that such a decision by the Ministry is prompted by account-holder claims that the deductions would cause undue hardship. Furthermore, when the Ministry does deduct from current entitlements, the amount deducted is generally small in relation to the total balance outstanding.

Each of these reasons is discussed in more detail below.

**TEMPORARILY UNCOLLECTIBLE OVERPAYMENTS**

Since June 1998, when the *Ontario Disability Support Program Act* came into effect, portability has been allowed for overpayments incurred under the *Ontario Works Act 1997*, the *Ontario Disability Support Program Act, 1997*, the *General Welfare Assistance Act*, or the *Family Benefits Act*. The purpose of this provision was to make overpayments recoverable even if the recipient (and, where applicable, a dependent spouse/same-sex partner) moves between programs or between delivery agents throughout Ontario. As a result of this provision, $164 million in outstanding overpayments for which there was no repayment activity was transferred to ODSP from predecessor programs. This entire amount was designated “temporarily uncollectible” until December 2005 to allow the Ministry time to establish the validity and collectibility of these accounts. In addition, the Ministry designated a further $46 million in outstanding overpayments as “temporarily uncollectible” for reasons that were, for the majority of cases, unknown. In that regard, we noted the following:

• The SDM does not produce a report detailing information on overpayments that have been designated as temporarily uncollectible, so the Ministry cannot monitor the number, type, and value of these overpayments to ensure that they have been classified appropriately.

• Since successful collection often depends on timely initial contact with the debtor, designating these overpayments as temporarily uncollectible for such a lengthy period will undoubtedly result in foregone collection opportunities.

**RECOVERY EFFORTS—INACTIVE ACCOUNTS**

The Ministry’s initial collection effort for inactive accounts consists of sending three “dunning letters” (debt notices) over a 90-day period requesting that the debtor arrange with the Ministry a plan to repay the amount. If there is no response to the Ministry’s letters within 60 days, the account is to be transferred to Management Board Secretariat (MBS), which assigns private collection agencies to continue recovery efforts.

However, ministry staff advised us that they are in the process of reassessing the effectiveness of this collection method. While they have been doing so, and given the
fact that collections on accounts transferred to MBS were minimal, ministry staff have not sent inactive overpayment accounts to MBS since October 2001. Moreover, the Ministry has not undertaken any further collection efforts on these accounts other than sending the three dunning letters noted above.

**RECOVERY EFFORTS—ACTIVE ACCOUNTS**

By regulation, ODSP overpayments to active recipients may be recovered by deducting up to 10% of the recipient’s total monthly assistance payments until the overpayment is recovered in full. Ministry policy, however, specifies that the recovery rate will generally be 5% of income support, a rate that may be reduced if it will cause hardship. Only in cases where there is evidence of capacity to pay the higher amount is the recovery rate allowed to be increased to the 10% maximum.

However, we noted that on average, about one-quarter of the active recipients with overpayments at the offices we visited were not making repayments through automatic deductions from their current benefits. The Ministry was unable to explain why this many active recipients did not have the required deductions from their monthly benefits.

In addition, we noted that even where repayments were being made, the payment amounts were generally small in relation to the amount of overpayment outstanding. For example, a current recipient was repaying a $21,616 overpayment balance through a 5% deduction, which in this case amounted to $46.50 per month. If all factors stay the same, this overpayment will not be paid in full for 39 years.

### Recommendation

To help maximize the recovery of overpayments from recipients of Ontario Disability Support Program assistance, the Ministry should:

- determine the reasons why those outstanding balances designated “temporarily uncollectible” were thus designated, assess whether the reasons are justified, and, if warranted, redesignate the balances as collectible;
- where warranted, actively pursue the recovery of overpayments from inactive clients;
- determine the reasons why approximately one-quarter of active recipients with overpayments are not making repayments through automatic deductions from their current benefits and take appropriate action where necessary; and
- consider whether the practice of deducting only up to 5% of monthly benefits from active recipients is an effective way of recovering overpayments, especially large ones.
Ministry Response

The Ministry agrees that overpayment recovery must be maximized, subject to the recipient/former recipient’s ability to repay. As noted earlier, the Ministry will be hiring 72 additional staff to complete more timely Consolidated Verification Process reviews for the Ontario Disability Support Program in order to reduce/prevent overpayments. In addition, the Ministry is establishing a centralized overpayment recovery unit to recover overpayments on inactive cases using appropriate measures, including referral to the Canada Revenue Agency’s Refund Set-Off Program. A thorough review of cases with overpayments with the designation of “temporarily uncollectible” is currently underway. Where appropriate, recovery will resume. Uncollectible overpayments will be recommended for write-off.

Case Management

WORKLOAD

The objective of good case management is to ensure that only eligible people receive the correct amount of assistance at the correct time. The current case-management service delivery model uses a team-based approach. Under this system, individual caseworkers do not have a caseload of specific recipients. Instead, a number of caseworkers look after a given pool of recipients, with both the size of the caseworker team and the size of the recipient pool for which each team is responsible varying among offices. While there are some advantages to this approach, such as staffing flexibility, there are some disadvantages as well. For example, this approach can negatively affect client service, since no single caseworker is responsible for and familiar with each recipient’s needs and history.

In 1992, the Ministry had established, for a previous social assistance program, a caseload standard of 275 recipients per staff person. We were advised that this standard is no longer applicable since, under the team approach, recipients are not assigned to specific caseworkers. However, in our view, workload standards need to be set regardless of the service delivery structure to determine if staffing is sufficient to perform necessary functions and to allocate ministry staff between the various offices and regions based on the relative caseload.

There are two types of caseworkers involved in case management: income support specialists (ISSs) and client services representatives (CSRs). The CSRs perform basic tasks such as obtaining information, providing support to ISSs, and entering data into the SDM. However, an ISS must approve any information changes in SDM that affect supplemental monthly benefit payments before the change of information can take effect.
We requested information on the number of caseworkers of each type who perform case management duties and the number of benefit units associated with them for each of the Ministry’s nine regional offices. The following table illustrates how the workload per ISS and ISS/CSR combined varied across the province.

### Range of Average Workload in Regions as of December 2003

<table>
<thead>
<tr>
<th></th>
<th>Caseload per ISS</th>
<th>Caseload per Caseworker (ISSs and CSRs Combined)</th>
</tr>
</thead>
<tbody>
<tr>
<td>highest regional average</td>
<td>2,174</td>
<td>465</td>
</tr>
<tr>
<td>lowest regional average</td>
<td>1,158</td>
<td>340</td>
</tr>
<tr>
<td>average of all regions</td>
<td>1,417</td>
<td>389</td>
</tr>
</tbody>
</table>

Source of data: Ministry of Community and Social Services

In our 1996 audit of the Provincial Allowance and Benefits Program (ODSP’s predecessor), we noted that there was an average of 385 files per caseworker, which was significantly higher than the standard of 275 recipients per caseworker established in 1992. In 1996, we recommended that the Ministry establish and adhere to a reasonable workload standard to enable caseworkers to perform their work more satisfactorily, and in our 1998 follow-up audit, the Ministry indicated that it intended to address this issue by redesigning service delivery and implementing the Service Delivery Model (SDM). These initiatives were expected to reduce the amount of time caseworkers would need to spend on administrative work, thus allowing each caseworker to carry a higher caseload than would previously have been possible. Given the SDM’s continuing difficulties (detailed later in this report), we question whether such high caseloads can still be justified, particularly in view of the more subjective nature of many of the issues regarding disabled individuals and the many file deficiencies we noted during our current audit.

**Recommendation**

To ensure that caseworkers can provide an adequate level of service to recipients and effectively carry out their required responsibilities, the Ministry should:

- set and implement reasonable caseload standards; and
- re-assess the allocation of staff in the regions to ensure that staff are assigned in accordance with caseload standards.
**Ministry Response**

*The Ministry is in the process of reviewing how services can best be delivered within the bounds of existing resources and will make adjustments as necessary.*

**MANAGEMENT ACTIVITIES**

**Tasks**

Important new information that may affect recipients’ eligibility or the amount of benefits they are entitled to comes into the Ministry via a number of sources, such as third-party information sharing and eligibility review complaints received via the fraud hotline. When such information is entered into the SDM, the system automatically creates a “task” (essentially a to-do item with the associated new information attached). Each task is sent to the relevant caseworker team. Tasks that cannot be resolved by caseworkers are forwarded to eligibility review officers (EROs), who then conduct a more detailed investigation. Tasks that are resolved by caseworkers or referred to EROs are removed from the outstanding-task list. It is crucial that caseworkers review all outstanding tasks on a timely basis so that any necessary changes can take effect promptly, thereby avoiding any overpayment or underpayment of benefits.

As of December 2003, there were approximately 57,400 outstanding tasks, not including approximately 17,000 outstanding tasks relating to overdue medical reassessments. Of the 57,400 outstanding tasks, 20% had been outstanding for over six months, and many of those had been outstanding for over one year.

There is no system in place to monitor long-outstanding tasks. Supervisors can review a caseworker’s task list, but ministry staff with whom we spoke stated that such reviews rarely occur. As a result, information that may be of value to the Ministry is not being investigated in a timely manner, which could impact a recipient’s eligibility or the amount of benefits paid. For example, we noted that one recipient was sent two reminder letters before his 65th birthday stating that he needed to apply for Old Age Security or his ODSP benefits would be terminated. The SDM created three tasks to remind the caseworker to follow up on this issue. However, the caseworker did not follow up on these tasks until 15 months later, during which time the recipient continued to receive benefits and applied for and received Old Age Security; as a result, the recipient was overpaid $11,424. Had the caseworker followed up on the tasks promptly, the total overpayment may have been avoided.

**Investigations**

The Ministry has approximately 53 eligibility review officers (EROs) who are responsible for conducting detailed investigations. EROs conduct detailed
investigations to verify if a recipient is, for example, living with someone, has children living at home, or is working.

We requested information from the Ministry’s head office on the number of ERO investigations that were ongoing at the end of 2003, the number that were completed during 2003, and the results of the completed investigations. However, some of this information was not available, and the information that was provided to us was incorrect. Without this information, the Ministry is unable to assess the effectiveness of its ERO investigation process.

We reviewed a number of completed investigations and noted that many had not been pursued in an effective or timely manner, which often resulted in overpayments to recipients. For example:

- In March 2001, the Ministry was notified that a recipient who had been collecting ODSP benefits since 1999 was driving a luxury car. As a result of preliminary inquiries, the recipient signed a declaration in May 2001 stating that he was only a guarantor and co-lessee and did not own the car. His benefits were continued on the basis of that declaration. In March 2003, his car was stolen; when his insurance company contacted the Ministry about the matter, the Ministry learned that the recipient had been married since 1997, he and his wife owned a small business, and he had been leasing a car valued by the insurance company at $85,000. Based on that information, the Ministry subsequently checked with Equifax, which revealed that he also had outstanding loans and further available credit totalling $225,000. In July 2003, the Ministry terminated his benefits and calculated an overpayment of $29,505.82.

- A task generated by a fraud hotline complaint in January 2002 was not reviewed and referred to an ERO until a year after the caseworker team received the task. When the investigation was finally performed, the recipient was determined to have been ineligible since April 1992 (when she had begun receiving benefits). An overpayment totalling $118,174 was created encompassing the benefits paid from that date through to December 2002.

Recommendation

To help ensure that only eligible recipients continue to receive Ontario Disability Support Program financial assistance and that assistance is provided in the correct amount, the Ministry should ensure that:

- tasks that may affect a recipient’s eligibility and/or payment amount are followed up in a complete and timely manner by caseworkers and, where warranted, referred for eligibility review investigations;
- eligibility review investigations are completed on a timely basis;
- complete and accurate management information on the number, status, and outcomes of eligibility review investigations is maintained, monitored to
Ministry Response

The Ministry agrees and will take measures so that tasks that affect eligibility and/or payment amount are given priority and appropriate cases are referred for eligibility review assessments. The standard for completing an in-depth eligibility review assessment is being reviewed and will be revised so that investigations are completed on a timely basis within the bounds of available resources. The outcomes of eligibility review assessments will be monitored and evaluated to assess the effectiveness of the eligibility investigation process.

Cost-sharing between the Province and the Municipalities

FINANCIAL ASSISTANCE PROGRAM COSTS

As noted earlier, the cost of ODSP financial assistance is shared between the province (80%) and the municipalities (20%). The Service Delivery Model (SDM) system produces a monthly ODSP Financial Consolidation Report that provides summaries of total monthly financial assistance provided to recipients within each municipality. The monthly totals on the Financial Consolidation Report are used to bill each municipality for its share of the costs.

However, given the problems that the Ministry has experienced with the SDM, including the inaccuracy of many SDM reports (as described later in this report), we would expect that the Ministry would verify the accuracy of the ODSP Financial Consolidation Report by reconciling it to other information sources, such as a detailed listing of actual payments made to recipients in each municipality. However, since sufficiently detailed and reliable payment listings are not currently produced by the SDM, the reliability of the monthly benefit totals, which are the basis of the billings to municipalities, cannot be confirmed.

Recommendation

To help ensure that municipalities are accurately billed for their fair share of Ontario Disability Support Program (ODSP) benefits, the Ministry should verify the reliability of the monthly ODSP benefit totals in the ODSP Financial Consolidation Report by reconciling them to actual payments made.
Ministry Response

The Ministry agrees and is developing an improved, automated Ontario Disability Support Program Financial Reconciliation Consolidation Report. In the interim, the Ministry will complete periodic manual validations of the report.

SERVICE DELIVERY MODEL

As reported in our 2002 Ontario Works audit, the overall objective for revising the business processes and modernizing the supporting information technology system for the Ministry’s social assistance programs was to provide ministry staff with the tools to enhance recipient services and improve the service delivery system’s financial integrity while reducing the cost of program administration. The new system—called the Service Delivery Model (SDM)—was intended to reduce the time spent by caseworkers on clerical and other administrative duties, provide more timely and accurate determination of recipient eligibility (thus reducing overpayments, inappropriate payments, and general system abuse), and improve access to the information necessary for effective program management and ministry oversight of both the Ontario Works program and the ODSP.

As of January 27, 2002, the Ministry’s Human Services I & IT cluster assumed responsibility for the operation of the SDM system. However, Accenture—the private-sector company with which the Ministry developed the system—continued to be involved, as it was awarded a three-year contract totalling $37.9 million to provide application maintenance and support services for the SDM in October 2002. At the time of our audit, there were approximately 100 Accenture employees working at the Ministry, while the Ministry had approximately 185 Human Services I & IT cluster employees dedicated to the operations of the SDM system.

As with our 2002 Ontario Works audit, our current audit found that ODSP caseworkers still expressed considerable dissatisfaction with the SDM. Many caseworkers acknowledged that the SDM did provide a number of improvements compared to the system it replaced, such as allowing them to view all cases on-line and to view a large amount of historical data. However, they also pointed out that the SDM still did not perform as expected and was very difficult to use. As a result, caseworkers advised us that they actually spend increased time on clerical and administrative duties, to check that the SDM is providing them with accurate and complete information and to make corrections (for example, to recipient payments when SDM deficiencies cause problems).

While the Ministry has made many changes to the SDM to improve the consistency and correctness of the system’s operations, many changes still need to occur. Problems identified by system users are reported to the Ministry’s SDM help desk, which creates and logs an issue ticket. If ministry information system staff find the identified problem
to be valid (as opposed to, for example, being caused by user error), the Ministry creates a system investigation report, which remains open until the problem is resolved. Because particular problems are likely to be reported by various local offices and therefore ticketed a number of times, duplicate tickets are consolidated into a single report. As of March 31, 2004, there were 1,633 system investigation reports that had not yet been addressed. This number is even higher than the 1,198 unresolved system investigation reports that were outstanding at the end of our 2002 Ontario Works audit.

Based on our review of the SDM system and discussions with ministry staff, the system continues to be deficient in four general categories:

- lack of internal controls;
- failure to meet ministry needs;
- failure to meet recipients’ needs; and
- unexplained errors and omissions.

Some SDM problems have been mentioned earlier in the report when discussing other findings. Our observations concerning the remaining deficiencies are outlined below. A number of the problems we noted were also pointed out in our 2002 Ontario Works audit.

**Internal Controls**

Information technology systems generally include a number of preventive internal controls to help ensure that intentional or unintentional errors do not occur as well as detective internal controls to help ensure that any errors that do occur are detected and corrected. Also, a key output of any management information system is reliable information for decision-makers. We noted that the SDM lacked certain basic internal controls, some of which were documented in our 2002 audit of Ontario Works. For example:

- The system still lacks the segregation of duties and the supervisory controls that could protect both the Ontario Works program and the ODSP from an unnecessary risk of misappropriation of funds. A caseworker could add a false record to the system—either by creating a new “recipient” or by reactivating the file of a deceased recipient—and collect (or have someone else collect on the caseworker’s behalf) benefit payments. There are no established SDM or manual controls to either prevent or detect false entry of this nature.

- To provide caseworkers with accurate recipient payment information, the daily payment listing report should include only amounts that reflect actual cheques or direct bank deposits that have been produced. However, we noted that in one case, when a caseworker made a clerical error and input an inaccurate cheque number in
One expected benefit of administering both the Ontario Works program and the ODSP using one information technology system was that all program information relating to a recipient who transfers from one program to the other would be reflected in the recipient’s current electronic file. However, we found that in some circumstances, the payment history of an applicant and his/her spouse is not carried forward when such a transfer takes place and is therefore not available for the caseworker to take into consideration.

The SDM contains fields that let caseworkers enter an end date to ensure that certain benefit payments are either terminated or adjusted on that date. However, we noted that the system does not always recognize this information and, as a result, continues to pay certain recipients benefits beyond the date that they are entitled to receive benefits. For example, we noted that a caseworker erroneously entered a recipient’s rent as $18,200 instead of $182 per month. Since information cannot be erased and re-entered into the SDM, the caseworker set an immediate end date for the incorrect rent amount and then entered the correct amount. However, the SDM did not recognize this change and continued to pay the recipient $414 per month—ODSP’s maximum shelter allowance—instead of the correct amount of $182 based on the individual’s actual rent. Since the SDM does not have reasonableness edit controls that produce reports that would highlight obvious input errors, the Ministry did not catch this system error until more than two years later, by which time the recipient had been overpaid $6,032. The only report produced by the SDM relating to irregularities in inputting contains an undifferentiated list of overrides; however, since many of the overrides are necessary workarounds—that is, ways to get the SDM to produce correct results that, due to its various deficiencies, it would not otherwise produce—and corrections of errors made while entering information, ministry staff with whom we spoke did not use this report.

Adequacy of Information Supplied to the Ministry

In order to effectively manage a program, ministry staff must have access to adequate operational and performance information. However, at the time of our audit, we noted that in a number of instances the SDM did not provide information that staff needed or provided information that was unreliable. The lack of needed information occurred at the provincial, regional, and local office levels.

**PROVINCIAL-LEVEL INFORMATION**

The SDM was intended to improve access to the information necessary for effective program management and ministry oversight of the ODSP. However, we found that
the SDM was not adequately supporting ODSP’s administration and management, which affects the Ministry’s ability to effectively manage the ODSP. The SDM can produce only those reports that it has been pre-programmed to produce. If any other information is needed, the system cannot simply be queried in order to generate a supplemental report. Anyone needing such information must submit a “special request” to the Ministry’s Information Technology (IT) staff, who then either write a new program module or adapt an existing one to extract the required data—a costly and time-consuming process. For example, we were advised that our special requests for basic information that was not otherwise available would take six to eight weeks to fulfill, and in many cases they took much longer.

Some of the information that would be useful to management was available in reports that were produced for each local office, but deriving province-wide totals for the data in such reports would require manually adding the information from each of the 44 offices. In the case of monthly reports, this process would need to be repeated 12 times to determine the provincial totals for an entire year. As a result, basic province-wide information of the sort that we would expect to be readily accessible was either not readily available or not available at all—including, for example, the number of applicants in 2003, the percentage of applicants found to be eligible for ODSP benefits, and even the number of individuals receiving ODSP benefits during the year.

**REGIONAL- AND LOCAL-LEVEL INFORMATION**

Regional and local ODSP offices are periodically provided with a standard set of SDM reports. However, to effectively and efficiently manage the program, caseworkers and managers also need information not contained in those reports. We understand that the Ministry provides the regional offices with some ad hoc reports for various purposes. However, as with the province-wide information, an office that needs further reports or information from the SDM cannot get this information promptly, but must wait until IT staff can create the necessary program code to satisfy the office’s “special request.”

Examples of information the SDM system did not provide included the following:

- a listing of cumulative overpayments and repayments for each active recipient; and
- a listing of payments cancelled by a local office.

While some SDM-produced reports are useful, others are not reliable or accurate. Examples of inaccurate or inadequate information provided by the SDM included the following:

- Payments made to ODSP recipients are generally processed in a single batch on one day each month. The SDM reports these payments on the monthly payment listing. However, for one of the files we examined, payments made to a recipient over at least a 10-month period and totalling at least $9,300 were not included in the
monthly payment listing for that office. Ministry staff were unable to explain why this discrepancy occurred, which raises the possibility that other payments are also not included in this report.

- In certain circumstances, caseworkers need to generate payments on days other than the usual monthly processing day. To do so, they enter information into the SDM that causes it to produce a cheque. The SDM reports all such payments in a daily payment listing. Ministry staff at the offices we visited do match each day’s printed cheques to that day’s daily payment listing to ensure completeness. The Ministry is aware that the daily payment listing does not always include all cheques prepared that day and has produced an ad hoc report that supplements it. However, in some cases the ad hoc report also does not reflect all the cheques that were produced. At the time of our audit, this problem had not yet been resolved.

- The intake tracking report, which caseworkers use to track applicants’ progress through the intake process, was not accurate in some cases. Our review of this report found that it listed a person who had never applied for ODSP, showing a July 2003 grant date.

- In one office, a $15,584 cheque from Human Resources and Development Canada (HRDC) reimbursing the Ministry for amounts paid to a recipient who qualified for federal Old Age Security (OAS) could not be recorded in the SDM because it related to a period of time before the SDM was implemented. This known SDM functional limitation means that the SDM contains incomplete information about the recipient’s reimbursements and therefore that the SDM reimbursement report is not accurate. In addition, due to poor cash controls at this office that caused the HRDC cheque to be lost, the recipient continued to receive benefits in an incorrect amount for two-and-a-half years during which he was collecting OAS, resulting in a $26,228 overpayment and the termination of the recipient’s ODSP benefits.

Because of these and other deficiencies, some local offices have developed their own manual systems for tracking various functions such as intake, internal reviews, investigations, and Social Benefit Tribunal appeals. As a result, the data produced may not be comparable across all offices.

**Adequacy of Information Supplied to Recipients**

Information provided to ODSP recipients directly from the SDM system must be sufficiently clear and detailed to allow recipients to easily understand how their benefits were determined. This would minimize the amount of time caseworkers must spend fielding inquiries from recipients about their benefits and explaining the information to recipients who do not understand it. However, we noted that the SDM does not always supply recipients with enough information to meet this expectation. For example:
• The payment breakdown stub sent to the recipient with each cheque or direct bank deposit (DBD) does not display clear and complete information. Ministry staff informed us that:
  
  - When a recipient’s benefits have been reduced due to other income received, the cheque/DBD stub contains insufficient detail to enable the recipient to understand how the final benefit amount has been arrived at and to verify that the amount is correct. In some cases where income is being received from more than one source, the stub shows just one lump sum deduction for all income, whereas in other such cases—as well as in all cases where income is received from only one source—it labels the source(s) for each income-related deduction. In no case does the stub make clear that income from various sources affects the benefit reduction differently. (Income from some sources reduces benefits by $1 for every $1 of income received, whereas employment income is deducted according to a different formula so that recipients are not discouraged from working if they can.)
  
  - The recipient’s cheque or DBD stub has room for only seven lines of deductions. When a payment involves eight or more deductions, the stub does not show the “extra” deductions. As a result, the information on the stub is incomplete and confusing in that gross pay minus the deductions shown does not equal net pay. For example, one cheque stub we examined showed a total deduction of $2,972, but included the detail for only seven deductions totalling $1,504. The payment in question actually involved 10 deductions, but deductions eight through 10 could not be displayed on the cheque stub.

Because the SDM provides incomplete information to recipients, caseworkers must often take additional time to explain payments to clients who call with questions about the amounts. However, one of the key objectives of the new system was to enhance information reporting so that time spent on matters such as this could be minimized.

Unexplained Errors and Omissions

The SDM was implemented across the province in the 2001/02 fiscal year, but the system is still not operating as consistently or reliably as should be expected. A number of errors continue to occur for reasons that ministry staff cannot explain. Based on our work and discussions with staff at the offices we visited, examples of such unexplained errors include the following:

• The SDM produced payments for benefits that have already been paid to the recipient. For example, in July 2003 a $3,168 cheque was inexplicably produced for benefits that had been paid to the recipient in 2001.

• To ensure that when ODSP is initially granted recipients do not receive both Ontario Works and ODSP benefits, the SDM is programmed to automatically
deduct any Ontario Works payments made to the recipient during any period for which ODSP benefits are granted retroactively after an applicant is found eligible. However, we determined that this supposedly automatic deduction did not always occur, resulting in overpayments to the recipients.

- In some cases, the SDM system erroneously designated a recipient ineligible when the information that had been input was intended for the individual to be designated as eligible. As a result, a payment was not produced. A caseworker had to then override the system to restore the recipient’s eligibility and cause the SDM to generate a payment.
- In some instances, cheques that caseworkers had told the SDM not to produce were reissued by the system anyway, often multiple times.
- Caseworkers requested that a payment be produced, but the SDM did not produce the cheque. Ministry staff had to then prepare a cheque manually.
- The SDM sometimes established an overpayment in error or failed to record an overpayment.

Given the volume of transactions involved, it is impossible to review the vast majority of payments for accuracy. In reviewing only a small sample of payments (those recorded on the daily payment listings), we were advised that caseworkers often find many SDM-related errors. Therefore, there is a strong possibility that other significant problems may go undetected.

**Recommendation**

To help enable the Ministry to efficiently and effectively administer the Ontario Disability Support Program, the Ministry should:

- develop and produce accurate and useful performance and operational reports;
- provide recipients with more complete information; and
- correct known system deficiencies on a more timely basis.

**Ministry Response**

The Ministry agrees, has made some improvements, and developed a plan to further improve the Service Delivery Model within the bounds of available resources. The Ministry has taken a number of steps to provide recipients with more complete information, including a complete re-write of the Ontario Disability Support Program directives that are posted on the Ministry’s Web site, the development of program brochures, and new client letters that will be implemented over the coming year.