
MINISTRY OF COMMUNITY AND SOCIAL SERVICES

4.01—Ontario Works Program

(Follow-up to VFM Section 3.01, 2002 Annual Report)

BACKGROUND

Under provisions of the *Ontario Works Act*, the Ontario Works program of the Ministry of Community and Social Services (at the time of our audit named the Ministry of Community, Family and Children's Services) provides employment and temporary financial assistance to individuals on condition that they satisfy requirements intended to help them find and maintain paid employment. For the 2003/04 fiscal year, the Ministry's share of financial assistance provided to individuals was approximately \$1.5 billion (it was approximately \$1.4 billion in 2001/02). The Ministry's share of costs for program administration was \$177 million (\$171 million in 2001/02).

Since 1997, the Ontario Works program has been subject to a much needed and complex Business Transformation Project. (We previously reported on this project in our 1998 and 2000 reports.) This Project included the engagement of Accenture (formerly Andersen Consulting) to develop a new service-delivery system under a Common Purpose Procurement (CPP) agreement. Given the critical importance of the new service-delivery system to the current administration of Ontario Works and the fact that it was substantially completed and implemented across the province between May 2001 and January 2002, in our 2002 audit we assessed the adequacy of the new business processes and information technology system that were developed as a result of it. The new service-delivery system, including both the new information technology system and the revised business processes, was developed at a cost of approximately \$400 million, as of March 2002, by the Ministry and Accenture.

Part One: ADMINISTRATION OF THE ACCENTURE AGREEMENT

The intent of the CPP agreement was for the Ministry to work closely with the selected private-sector vendor to develop and implement new ways of delivering services and, in so doing, share the investment in and risks and rewards of the project. However, we concluded that the Ministry did not meet this objective, in that it accepted most if not all of the risk for the Business Transformation Project while Accenture received a disproportionate amount of the rewards. Specifically, we found:

- As of March 2002, the Ministry had paid Accenture \$246 million, which was significantly more than the original \$180-million payment cap agreed to.

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- The savings attributed to the Business Transformation Project and hence to Accenture were exaggerated.
 - We reviewed the new service-delivery system, which was fully implemented in January 2002, and most municipal service manager staff we met with expressed dissatisfaction with the new system, as it was in many respects a step back from what had previously been available to them, it had not been adequately tested, and it was not a finished product at the time of its release.
 - Our own testing found that the new service-delivery system had numerous unresolved defects, such as failing to provide certain needed information and providing information that was often inaccurate or in a form that was not useful. There were unexplained errors—for example, benefit payments totalling \$1.2 million were sent to ineligible individuals—and there were significant internal control deficiencies.

At the time of our 2002 audit, the Ministry's agreement with Accenture to develop the new service-delivery system for Ontario Works was already in place, and we had already issued recommendations about the administration of the agreement in a 1998 audit, so we did not make recommendations regarding the administration of the agreement in 2002. As a result, we have not performed a follow-up of this part of our 2002 report. Nevertheless, it should be noted that our current audit of the Ontario Disability Support Program (see Section 3.03) includes a section dealing with the Service Delivery Model, which is the same system that supports the Ontario Works program.

Part Two: ADMINISTRATION OF THE PROGRAM

With respect to the administration of the Ontario Works program, we concluded that the Ministry had little assurance that only eligible individuals received the correct amount of financial assistance. The primary reason for this was that the Ministry's procedural requirements for municipal service managers to follow in order to determine recipient eligibility for financial assistance and ensure that assistance in the correct amount was provided were often not met. For example, in the case of one of the service managers that we visited, 95% of the files we reviewed lacked at least one of the information requirements necessary to establish eligibility and to ensure the correct amount of assistance was being paid.

We made recommendations for improving program delivery and received commitments from the Ministry that it would take corrective action.

CURRENT STATUS OF RECOMMENDATIONS

According to information received from the Ministry of Community and Social Services, some progress has been made in effectively implementing the

recommendations we made in our *2002 Annual Report*. The current status of action on each of our recommendations is as follows.

Intake-screening Units

Recommendation

The Ministry should obtain the information necessary for assessing the efficiency and effectiveness of its eligibility-assessment process for the Ontario Works program, determine whether the intake-screening units are meeting expectations, and, where necessary, take corrective action.

Current Status

In late 2003, ministry staff and a number of municipal service managers (who deliver Ontario Works on behalf of the Ministry) examined the Ontario Works application process with a view to identifying opportunities for improving the two-step application process. It was decided that further review of the application process was necessary, so in May 2004, the Ministry hired a consultant to do so. The consultant's review was to include a study of the value of the intake-screening units, and the consultant was to make recommendations for improvements. The consultant's final report is expected in September 2004.

Recipient Eligibility

Recommendation

To ensure that all recipients are eligible to receive Ontario Works financial assistance and that the assistance provided is in the correct amount, the Ministry should reinforce with service managers its requirements for obtaining, documenting, and correctly assessing the required recipient information.

Current Status

The Ministry advised us that it was currently working with Ontario Works service managers to review and further clarify requirements for obtaining, documenting, and correctly assessing the required recipient information.

The Ministry also advised us that it has developed a strengthened compliance review and performance management process that is to focus on ensuring that only eligible people receive assistance and that the assistance is in the correct amount. The compliance review process is based on a two-year cycle. In the first year of the cycle, a compliance and subsidy claims review, based on a statistical sample of files, is to be completed. Any issues resulting from this review are to be documented in a report provided to the Ontario Works municipal service manager, and an action plan is to be set. The Ontario Works municipal service managers are to report back to the Ministry

on the level of corrective action taken. In the second year of the cycle, the Ministry will follow up on any recommendations made during the compliance and subsidy claims review to ensure that the agreed-to action plans have been implemented and that these plans have addressed the issue.

Eligibility-assessment Process Enhancements

FLAGGING HIGH-RISK CASES FOR ELIGIBILITY REVIEW

Recommendation

To better identify and rank the highest-risk cases for review and to ensure that those reviews are conducted on a priority basis, the Ministry should:

- *consider refining the criteria used to identify and rank cases in need of a review; and*
- *ensure that service managers prioritize reviews on the basis of assessed risk.*

Current Status

We were advised by the Ministry that it has reviewed its risk criteria and implemented refinements to the criteria. Furthermore, in December 2003, the Ministry reminded Ontario Works service managers that file reviews are to be prioritized based on assessed risk.

THIRD-PARTY CONFIRMATION OF INFORMATION PROVIDED BY RECIPIENTS

Recommendation

To help ensure that information provided by recipients of Ontario Works assistance is complete and accurate and that errors or omissions resulting in inappropriate eligibility determinations are detected and prevented, the Ministry should:

- *assess the advisability of making all mandatory third-party confirmations at the time of a subsequent eligibility review also mandatory at the time of the initial eligibility assessment; and*
- *reinforce with service managers its requirement that all mandatory third-party confirmations be conducted as required.*

Current Status

According to the Ministry, an assessment of expanding third-party confirmations at the time of initial eligibility was undertaken, but the Ministry has decided not to make any changes in its requirements for confirming recipient information with third parties either at the time of initial eligibility determination or at subsequent reviews. However, its strengthened compliance review and performance management process is expected

to reinforce with service managers the requirement that all mandatory third-party confirmations be conducted as required.

Reporting of Other Income by Assistance Recipients

Recommendation

To help ensure that financial assistance provided by the Ontario Works program is in the correct amount, the Ministry should reinforce the requirement that service managers correctly reflect other reported income in the financial assistance provided.

Also, the Ministry should clarify whether or not monthly income-reporting statements are required from assistance recipients who have no income to report in a given month.

Current Status

In February 2004, the Ministry issued a policy directive that reinforces the requirement that all reported income is to be correctly reflected in financial assistance provided. This directive also gave all Ontario Works service managers the option to implement an exception-based income-reporting process, which would eliminate the requirement to report monthly income for Ontario Works recipients with no income or with static income.

The Ministry's strengthened compliance review and performance management process is expected to also reinforce the requirement that any income and earnings be accurately reflected in the financial assistance provided.

Community and Employment Start-up Assistance

Recommendation

To help ensure that community and employment start-up assistance provided under the Ontario Works program is reasonable in the circumstances, the Ministry should:

- *reinforce with service managers its requirement to document and provide community and employment start-up assistance only in eligible circumstances and not in excess of the maximum amounts; and*
- *require service managers to obtain a list of items to be reimbursed, assess the reasonableness of the amounts of assistance requested, and obtain receipts to substantiate all actual costs incurred.*

Current Status

We understand that the Ministry has not reinforced with municipal service managers its requirement to document and provide community and employment start-up assistance only in eligible circumstances and not in excess of the maximum amounts. However, according to the Ministry, its strengthened compliance review and

performance management process is expected to reinforce with the service-delivery managers the above mentioned requirements.

Pursuing Spousal and Child Support

Recommendation

To help ensure that Ontario Works recipients who may be eligible for spousal and/or child support actively pursue such support, the Ministry should ensure that service managers:

- *ascertain and are able to demonstrate that all recipients entitled to such support have taken reasonable efforts to attain it; and*
- *adequately document the information received, assessed, and verified in issuing a waiver to pursue support, and document the reassessment of the decision at the time the waiver expires.*

Current Status

In November 2003, the Ministry issued a revised policy for waiving the obligation that Ontario Works recipients pursue family support. The revised policy requires that efforts to obtain support, or, alternatively, the rationale for issuing or extending a waiver to pursue support, be adequately documented. We were also informed that specialized training for family support workers is provided annually and includes discussion of best practices, including documentation requirements.

Recipient Overpayments

Recommendation

To maximize the recovery of overpayments to inactive recipients of Ontario Works assistance, the Ministry should:

- *ensure that its information technology system correctly indicates overpayment balances, allows the reasons for overpayments to be readily determined, and better supports the collection function;*
- *ensure that service managers actively pursue the recovery of overpayments from inactive clients where warranted; and*
- *consider the development of a policy for writing off uncollectible accounts so that uncollectible outstanding accounts can be identified and written off on a timely basis.*

Current Status

The Ministry informed us that in December 2003, it established an overpayments task group to review, analyze, and validate the overpayment data in the information technology system. Some of the key objectives of this group include determining how overpayments are created and managed in both the Ontario Works and Ontario

Disability Support programs, identifying key areas where the information technology calculates overpayments, and identifying gaps and proposing solutions for business procedures and technology. This review was in process at the time of our follow-up.

The Ministry also informed us that it was examining how overpayments are recovered with a view to increasing efficiencies in debt recovery, minimizing workload impact in local offices, and responding to our concerns regarding the collection of overpayments from inactive clients. This examination is expected to be completed in October 2004.

The Ministry further advised us that it had written a draft policy for writing off uncollectible overpayments and was working with the Office of the Provincial Controller to ensure consistency with provincial policies for writing off uncollectible accounts.

Service-manager Claims for Financial Assistance Costs

Recommendation

To enable service managers to submit monthly claims to the Ministry for their share of actual Ontario Works assistance benefits provided, the Ministry should ensure that the new information technology system produces accurate and reliable program-expenditure reports.

Current Status

The Ministry has not yet made changes to the system. However, it has provided service managers with additional tools to help produce more accurate expenditure reports.

Participation Agreements

Recommendation

To help ensure the Ontario Works program meets its objective of helping recipients find and maintain paid jobs, the Ministry should ensure that service managers:

- *obtain and assess information about each recipient's educational background and employment history to identify the employment-assistance activities most appropriate for that recipient; and*
- *maintain up-to-date participation agreements that accurately reflect individuals' employment-assistance activities and their current employment-assistance needs.*

Current Status

An advanced case management and development training program, running from September 2003 to December 2004, is being offered to Ontario Works staff. This program is intended to enhance caseworkers' skills and improve the quality and timeliness of the participation agreements they prepare.

In addition, we were advised that the Ministry's strengthened compliance review and performance management process is expected to reinforce the requirement that a complete and up-to-date participation agreement be on file and that it include activities that are consistent with recipients' documented skills and needs.

Ministry Monitoring of Service Managers

Recommendation

To help verify that service managers' subsidy claims are complete, accurate, and based on actual payments to recipients, the Ministry should ensure that:

- *actions to correct deficiencies indicated by compliance reviews are carried out;*
- *subsidy-claims examinations are undertaken annually, as required; and*
- *the scope of the work undertaken during subsidy-claims examinations is adequate to conclude on the completeness and accuracy of the claim.*

Current Status

In spring 2003, applicable Ministry staff received training on how to implement the strengthened compliance review and performance management process. According to the Ministry, this new process incorporates additional mechanisms to ensure that corrective action is taken on identified deficiencies and establishes requirements for the timing and scope of subsidy-claims examinations.

MEASURING THE EFFECTIVENESS OF ONTARIO WORKS

Recommendation

To determine the effectiveness of the Ontario Works program in helping assistance recipients to become self-reliant, the Ministry should:

- *capture and assess the management information necessary to evaluate program effectiveness and take corrective action where necessary; and*
- *look for ways to make termination codes more useful and ensure that service managers understand the circumstances under which specific termination codes are to be used and use the codes consistently.*

Current Status

We were informed that the Ministry now captures and assesses the management information necessary to evaluate certain aspects of program effectiveness. We also understand that the Ministry has incorporated performance targets linked to specific termination codes into the service planning process. In addition, the service-delivery model now contains an on-line help tool that provides caseworkers with termination code definitions to assist in the appropriate and consistent use of these codes.

OTHER MATTER

Ontario Works Administration Costs

Recommendation

To help ensure that Ontario Works program administration is funded reasonably and equitably among service managers, the Ministry should consider caseload information in its funding decisions.

Current Status

This recommendation has been implemented. We understand that budget negotiations for the 2004/05 fiscal year will take caseload information into account in arriving at funding decisions.