The Ministry of Children and Youth Services spent approximately $502 million in 2007/08 under its Child and Youth Mental Health Program. Of this amount, $434 million (86%) in transfer payments was provided to approximately 440 transfer-payment recipients, of which approximately 370 have an ongoing funding relationship with the Ministry. The 40 largest transfer-payment recipients received about half of the total transfer payments.

The transfer-payment recipients include agencies that provide child and youth mental health services, 17 hospital-based out-patient programs, and First Nation and non-profit aboriginal organizations and service agencies, including 27 Friendship Centres. Funding is also provided for the Ontario Child and Youth Telepsychiatry program, which provides access to mental health services in rural, remote, and under-serviced communities; and the Centre of Excellence for Child and Youth Mental Health at the Children’s Hospital of Eastern Ontario, which disseminates information on evidence-based practices.

The Ministry also directly operates two child and youth mental health facilities: the Thistletown Regional Centre in Etobicoke and the Child and Parent Resource Institute in London.

These organizations generally provide services to children and youth up to the age of 18 who have mental health needs or disorders and may also be in conflict with the law and to children who may be receiving services from a range of other service systems, such as child protection, youth justice, and so on. Typical services include intake and assessment; group, individual, and family counselling; residential or day treatment programs; and crisis intervention. (See Figure 1 for expenditures by type of activity.)

Although net annual transfer payments under this program have increased by about $119 million since the time of our last audit of the Ministry’s Children’s Mental Health Services program in 2003 (from $315 million to $434 million in 2007/08), about $40 million or one-third of the increase is due to base funding increases to community-based organizations; the rest is due to new program initiatives or the transfer of activities into and out of the program.
Audit Objective and Scope

Although we audited the Ministry’s administration of its Children’s Mental Health Services program in 2003, this year’s value-for-money audit focused on the specific agencies providing these services. The audit was conducted in part as a result of a request by Children’s Mental Health Ontario (an association of 87 transfer-payment agencies providing child and youth mental health services). We were able to conduct audit work at individual agencies because of the expansion of the mandate of the Office of the Auditor General, effective April 1, 2005, to include value-for-money audits of organizations in the broader public sector receiving transfer payments.

Our audit objective was to assess whether selected Child and Youth Mental Health (CYMH) agencies had adequate policies and procedures for ensuring that:

- children requiring mental health services receive the appropriate care in a timely manner in accordance with legislative and other program requirements; and
- funding provided by the Ministry was spent prudently with due regard for economy and efficiency.

The scope of our audit included a review and analysis of relevant files and administrative procedures, as well as interviews with staff, during visits to four CYMH agencies: Hincks-Dellcrest Treatment Centre in Toronto; Associated Youth Services of Peel; Kinark Child and Family Services, which serves the York and Durham regions and Simcoe, Peterborough, and Northumberland counties, and which also operates a secure-treatment facility in Oakville that accepts referrals of youth from across Ontario; and the Youth Services Bureau of Ottawa. Three of these agencies were members of Children’s Mental Health Ontario; one was not. The four agencies between them accounted for approximately $42 million in ministry funding, which is approximately 10% of the total CYMH program funding provided to all CYMH transfer-payment recipients.

In addition, we met with senior representatives of Children’s Mental Health Ontario to obtain summary

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**Figure 1: 2007/08 Expenditures Made by CYMH Agencies by Type of Activity ($ million)**

Source of data: Ministry of Children and Youth Services

- non-residential programs – other* – $47 (11%)
- integrated services for northern children – $11 (3%)
- children’s mental health 0 to 6 programs – $15 (3%)
- day treatment programs – $17 (4%)
- intensive child and family programs – $20 (5%)
- Native services on reserves – $24 (6%)
- residential programs – $112 (25%)

* Non-residential programs – other consists of such things as child treatment, mobile crisis, outpatient programs and access mechanisms.
information and to gain a better understanding of issues in the children’s mental health sector. We also engaged the services of an academic expert in child and youth mental health services to assist us with the audit and held discussions with a child psychiatrist who had extensive experience in this field.

Before beginning our audit, we developed the audit criteria we would use to attain our objectives, and the criteria were reviewed and agreed to by representatives of the boards and senior management of the four agencies we visited.

Our audit followed the professional standards of the Canadian Institute of Chartered Accountants for assessing value for money and compliance. We set an objective for what we wanted to achieve in the audit and developed audit criteria that covered the key systems, policies, and procedures that should be in place and operating effectively. Finally, we designed and conducted tests and procedures for meeting our audit objectives and criteria.

We also met with staff of the Ministry’s internal audit services during the planning phase of our audit. However, since they had not conducted any recent audits either on the Ministry’s Child and Youth Mental Health Program or at specific agencies, we were unable to reduce the scope of our audit.

**Summary**

There is little doubt that child and youth mental health agencies work in a difficult environment. Over the years, agencies have operated without the benefits of a legislated mandate and mandatory funding for their services. In addition, there has been little ministry direction as to what kinds of services should be provided and what the acceptable standards are for the services that are provided, including requirements for access to those services and performance measures. As a result, over the years, agencies have operated with considerable autonomy, which has resulted in a patchwork of services for children with mental health needs both locally and across the province.

The Ministry’s “A Shared Responsibility,” a new policy framework for child and youth mental health published in 2006, proposed a number of changes to be made in the child and youth mental health sector to address many of these issues. However, these changes are to be implemented over the next 10 years, and it is not yet clear who—the Ministry or the agencies—will take the initiative and be accountable for ensuring that the proposed changes occur on a timely basis.

In the meantime, with regard to the specific services provided by agencies, we found that agencies need to:

- consider investing in early identification initiatives in partnership with local school boards;
- use fewer access points or more collaborative efforts to assess, prioritize, and refer individuals—particularly to non-residential services—to help ensure that needs are assessed consistently and that those most in need are provided with the most appropriate services available;
- maintain more comprehensive and consistent waiting-list information by individual, and work with the Ministry to ensure that it receives reliable information to help it assess the extent of unmet service needs;
- develop reasonable case-management standards for the provision of a broad range of non-residential services, and implement an internal quality-assessment or peer-review process to help ensure that those standards are adhered to; and
- capture and report more meaningful and consistent information with regard to quantitative output measures. As well, although the Child and Adolescent Functional Assessment Scale, which captures assessment information at the beginning and completion of service, is an important component of measuring outcomes and implementing evidence-based service delivery, there is also
a need to establish qualitative benchmarks by individual or by type of program that can then be compared to the actual results.

In addition, the agencies advised us that, since there have been little or no annual funding increases for their core programs—including their administrative activities—over the last 10 years, they have had considerable difficulty in maintaining their core services and to do so have often had to “rob Peter to pay Paul”—that is, use funding other than for the purpose for which it was originally intended. Current funding constraints notwithstanding, agencies need to be more vigilant to ensure that they receive, and can demonstrate that they received, value for money spent. Our recommendations in this regard include:

- Agencies need to establish and/or adhere to competitive purchasing practices and ensure that all paid invoices contain sufficiently detailed information to establish the reasonableness of the amounts billed and are appropriately approved before payment.
- Agencies should acquire vehicles for staff use only when it is necessary and economical to do so. They should also strengthen the controls over reimbursements to staff for use of personal vehicles for work to ensure that amounts reimbursed are reasonable in the circumstances.
- Agencies and the Ministry need to clarify their responsibilities when agencies act as conduits for transferring ministry funds to third parties, particularly when neither the agency nor the Ministry has a contractual relationship with the ultimate funding recipient.
- Agencies, in consultation with the Ministry, need to strengthen board governance and accountability structures.
- Agencies need to establish reasonable workload benchmarks that would enable them to support overall staffing levels.
- Agencies should consider a more collaborative approach to developing and maintaining computerized information systems.

**OVERALL AGENCIES’ RESPONSE**

This is a consolidated response representing the views of the four audited agencies in conjunction with Children’s Mental Health Ontario (CMHO). Although there are definite areas of agreement, there are also areas which require further explanation and rationale that support the decisions made by the agencies.

Duly noted in the value-for-money audit is our assertion that core funding for children’s mental health services across the province has been eroding for the past decade. As there has historically been little or no annual funding increase for the agencies’ core programs over the last 10 years, the agencies have had considerable difficulty in maintaining their core services. This erosion of funding amounts to reduced services for children needing mental health support, in particular prevention and early-intervention programs designed to reach children before their mental health issues are severe, and staff cutbacks. In addition, the lack of funding has damaged the development of infrastructure and administrative capacity as it relates to Human Resources, Finance, Evaluation, and so on, despite program growth and increased complexity in service delivery across the system.

The Auditor General also recognizes that children’s mental health services are delivered in this province without the benefit of a legislated mandate. As a result, there is neither a mandatory funding requirement for mental health agencies nor standards for the variety and level of service provided across the province.

This audit process has been a learning experience for all involved. Children’s mental health agencies are dedicated and continue to ensure that the best possible services are available to children, youth, and their families. No doubt the findings will help to shape the future of all
Research suggests that 15% to 21% of Canadian children and youth are affected by some form of mental health disorder that causes significant symptoms or impairment and requires some form of intervention. As a result, it is estimated that in Ontario, approximately 467,000 to 654,000 children and youth have at least one diagnosable mental health disorder, and there are indications that the disorders are increasing in frequency and severity. For instance, suicide is the second leading cause of death among 10- to 19-year-olds in Ontario, and the suicide rate among young people is rising steadily.

Mental health disorders include social, emotional, behavioural, and psychiatric problems, such as:

- anxiety;
- depression;
- conduct disorder;
- attention-deficit/hyperactivity disorder (AD/HD), and attention deficit disorder (ADD); and
- self-harm.

It is also estimated that only one in six children and youth with a mental health disorder receives some form of mental health service. This is attributable in part to the difficulty in identifying children and youth with mental health issues and referring them to appropriate services, and the fact that the need for mental health services outpaces the sector’s capacity to respond.

The potential consequences of not meeting a child’s mental health needs include poor academic achievement, conflict with the law, substance abuse, and inability to live independently or hold a job. Many of these problems continue into adulthood and often affect the next generation.

Unlike the Ministry’s other two main service streams for children and youth—the Child Welfare system, which is governed by the Child and Family Services Act, and the Youth Justice program, which is governed by the Youth Criminal Justice Act—where services are mandated in legislation, child and youth mental health services are not mandated by legislation, but rather are promulgated through the awareness of professionals and advocates who recognize the mental health needs of children and youth and their families’ struggle with mental health disorders. As a result, children’s mental health services can be provided only up to the system’s existing capacity, which is determined largely by the amount and allocation of ministry funding rather than need.

Agencies provide a wide range of services and support for children and young people as well as their families, ranging from very clinical, medically based practices to a variety of social services provided by community-based agencies. These services and supports include:

- intake, assessment, and referral;
- parenting programs;
- group, individual, and family counselling;
- day treatment programs;
- residential care and treatment programs;
- crisis intervention; and
- registration in recreational and sports programs.

**Service System Development**

Before the 1970s, severe children’s mental health disorders were treated in institutions, while less severe mental health disorders often remained untreated. In fact, it has only been since 1970 that the children’s mental health sector was formally
established with the creation of the Children’s Services Branch of the Ministry of Health on an experimental basis. In the late 1970s, the program was transferred to the Children’s Services Division of the Ministry of Community and Social Services.

However, partly because of the lack of a legislated mandate, children’s mental health services were, historically, not developed in an orderly and uniform fashion across the province; nor were they based on data showing which services should be provided in which communities for which disorders. We understand that the Ministry is currently leading a service-mapping project that will guide service and system development in the future.

Most services available under the Child and Youth Mental Health Program are provided by independent, local, not-for-profit transfer-payment agencies that are governed by volunteer boards of directors. The services that each agency provides usually depend on the need as perceived by the agency, its ability to provide the desired services, and the availability of ministry funding. To a large extent, this resulted in a patchwork of children’s mental health services across the province.

The formation of the Ministry of Children and Youth Services in 2004 was intended in part to correct this situation and provide leadership on children and youth issues, including children’s mental health, and in part to provide for a more co-ordinated, effective, and efficient system of services and support for children and youth and their families.

Currently, child and youth mental health services can be obtained through a number of mechanisms, including the Child and Youth Mental Health Program, which funds a wide range of services; through the medical system—co-ordinated by Local Health Integration Networks (LHIHs)—which offers hospital-based services funded by the Ministry of Health and Long-Term Care; to a lesser extent through Children’s Aid Societies and school boards; and also by direct purchase from private-sector service providers.

Transfer-payment agencies operate at arm’s length from the Ministry and are responsible for managing their own day-to-day operations. They enter into annual service contracts with one of the nine ministry regional offices. These contracts specify, among other things, what services the agency will provide and the amount of funding it can expect to receive.

Although the Ministry deliberately does not involve itself in the day-to-day operations of agencies, it is responsible for overseeing the amount and quality of services provided to help ensure that desired outcomes are met and that the expenditure of Ministry-provided funding is satisfactorily accounted for. The Ministry’s oversight process includes regular contact with agency staff, as well as the review and approval of quarterly and annual financial and service reports submitted by each agency.

PREVIOUS AUDITS OF THE CHILDREN’S MENTAL HEALTH SERVICES PROGRAM—1997 AND 2003

Our previous audits of the Ministry’s oversight of the Children’s Mental Health Services program in 1997 and 2003 concluded that the Ministry was not adequately monitoring and assessing the quality of the services provided by the agencies. As a result, it was our view that the Ministry could not be assured that vulnerable children in need were receiving the care and assistance they needed. More specifically we found that:

- For the vast majority of the Children’s Mental Health Services programs funded, neither standards defining acceptable service nor criteria for evaluating service quality had been developed.
- Standards for access to services had not been established, and information about waiting lists and times was not available or provided to the Ministry.
The Ministry did not effectively measure performance against meaningful performance targets.

The Ministry lacked the necessary information to make informed funding decisions. In most cases, the Ministry continued to provide agencies with the same amount of base funding as in the previous year without assessing whether the funding was commensurate with the demand for, and the value of, the services to be provided.

The Ministry’s year-end process for reviewing and approving agency expenditures could not effectively detect inappropriate or excessive expenditures.

In February 2004, the Standing Committee on Public Accounts held a hearing to discuss the issues raised in our 2003 Annual Report. At the hearing, senior ministry officials indicated that they largely agreed with the issues we had raised and that providing better direction to the agencies with respect to mental health services, monitoring the delivery of such services, and assessing the outcomes from the perspective of the children being served were all top priorities. The Ministry also acknowledged that it had “been some time since the Ministry has had a serious look at exactly what services are being provided agency by agency” and acknowledged that without this information it was “difficult for us to, for example, know where every gap in services is.” The Ministry noted that it needed to “lay out for agencies in a much clearer way what our expectations are.”

To address these and other concerns, in November 2006, the Ministry released “A Shared Responsibility,” a new policy framework for child and youth mental health. The framework sets out the goals and priorities to guide changes in the children’s mental health sector over the next decade. The intent of the proposed changes is to:

- increase emphasis on health promotion, illness prevention, and early identification of mental health problems;
- enhance timeliness in the provision of services for children and youth;
- promote collaboration across the child and youth sectors and with the adult sector;
- increase consistency in service provision;
- enhance the use of what works in practice; and
- enhance the overall accountability in the children’s mental health sector.

The Ministry expects that, when fully implemented at the end of the 10-year implementation period, the policy framework will result in more definitive and consistent outcomes with respect to determining:

- who is in need of service, and who should be prioritized for treatment;
- what kind of treatment is required, and what will be provided; and
- what kind of outcomes can be expected.

In addition to this policy framework, the Ministry advised us that, since the time of our last audit in 2003, it has:

- started to collect and disseminate waiting-time information at an agency, regional, and provincial level;
- established the Centre of Excellence in Children and Youth Mental Health to enhance the evidence base for planning and delivery of mental health services;
- initiated a mapping of mental health programs and services to establish a baseline for future planning; and
- worked collaboratively with the Ministry of Education through the Student Success Leadership initiative to establish mechanisms for joint planning between school boards and mental health agencies.

**SERVICE DELIVERY**

**Access to Services**

Children and youth who exhibit symptoms of mental health disorders are most often referred to
services through one of four gateways—schools, the child welfare system, families, and physicians.

To help make more consistent decisions about individuals’ needs and decide who gets access to what services, the Ministry of Community and Social Services in 1997 issued “Making Services Work for People,” a framework for the delivery of services for children and for people with developmental disabilities. Under the framework, each area in which children’s mental health services are provided was required to have a single point of access or a collaborative process to decide which individuals referred to it will gain access to specific residential services and support. Although there were no similar mandatory requirements for referrals to non-residential services, the framework encouraged fewer access points or a more collaborative effort to assess and prioritize individuals in need in a particular area and, in turn, to refer them to the most appropriate non-residential services and support available.

In practice, each of the areas for the four agencies we visited had established a common access mechanism or access centre for residential services. Two of these consisted of a collaborative effort by which representatives from each of the residential service providers met regularly to review all applications for residential services in their area and determined the individual’s eligibility for residential service as well as the most appropriate placement. In the third area, one agency was responsible for assessing the eligibility of all individuals seeking residential services and for determining the most appropriate placement. Although the fourth area also had one agency responsible for co-ordinating residential placements, this process was not working as intended. Instead of assessing individuals for eligibility for residential placements and determining the most appropriate placement, it simply referred individuals to a number of residential service providers, which were expected to make the eligibility determination and to decide whether to accept them into their program.

Our review of access mechanisms for non-residential services for the areas served by the four agencies we visited found that they varied significantly:

- In one area, the local access centre assessed most individuals seeking services and referred them to the most appropriate non-residential program in their jurisdiction.
- In the remaining three areas, there was no centralized or collaborative effort for assessing and prioritizing the needs of individuals and referring them to either all or most of the available programs that could meet their needs.

In the latter instance, individuals were essentially referred to, or sought services from, a specific service provider without necessarily having full knowledge of all available services in an area. As a result, there was little assurance that individuals were approaching the most appropriate service provider for their needs, that the needs of individuals were assessed consistently, and ultimately that the most appropriate services available were provided to those most in need. In addition, given the history of lack of co-ordination between the various service streams and a sense of insularity in working within one’s own agency, co-ordination of services with other agencies or sectors would be problematic.

We also noted that two of the agencies had established formal eligibility criteria for most of their programs, whereas the other two had not. However, we noted that, regardless of whether formal eligibility criteria were in place or not:

- Agencies felt compelled to provide some service to anyone who asked for it regardless of the outcome of the Brief Child and Family Phone Interview (BCFPI) (a screening tool that is used by most agencies and that provides standardized scores on specific aspects of mental health).
- In most cases, there was no documentation on file to indicate why a particular placement was considered appropriate.
Agencies told us that they try to provide service to individuals in the least intrusive setting, which is often one of the lowest-cost alternatives. However, the cost of the placement was generally not the determining factor in the placement decision.

Given the funding constraints in the child and youth mental health sector and the emphasis on providing services to children and youth who have been referred to it, most agencies understandably provide service to the higher-risk cases first. As a result, cases that are perceived as less risky are de-prioritized and may become more serious or problematic and less amenable to improvement.

In addition, there is little opportunity or incentive in most cases to invest in prevention or early identification. For instance, agencies told us that it is often at school that signs of mental health disorders in a child can first be detected. If counselling or other services are provided at an early stage, these problems can often be addressed with the result being a happier, more socially adaptable child. However, unless the educators are well trained in mental health issues, principals and teachers may be unaware of what symptoms to look for and uncertain what their role should be or who they should be contacting if they believe a child does need help beyond what can be offered at the school.

Waiting Lists

Timely access to mental health services is often a critical determinant for ensuring the best possible outcome for children in need of services. When requests for service exceed an agency’s capacity to supply them, waiting lists are maintained.

Our review of waiting lists maintained at the four agencies we visited noted that, although there were generally very short or no waiting lists for residential services at the time of our visit, lists for the various types of non-residential programs varied significantly but often ranged from three to six months. However, the accuracy and usefulness of the waiting-list information is questionable for the following reasons:

- Agencies generally kept separate waiting lists for such things as intake, assessment, and
their various individual programs; this made it difficult to assess the overall waiting time for service at an agency and virtually impossible to assess the waiting time for specific services in a particular geographical area.

- There were no consistent criteria for placing individuals on, or taking them off, waiting lists, which can result in significant inconsistencies in waiting-list data across the province.
- When a person was taken off a waiting list, his or her name was normally deleted, with the result that there was no record of the length of time the person had waited for service.
- Waiting lists were generally kept either chronologically or alphabetically and did not prioritize those individuals most in need of service.

Information gathered from the BCFPI at an agency level is made anonymous and sent to Children’s Mental Health Ontario, which gives the Ministry and service providers quarterly and annual aggregate reports an overall average waiting times. The average waiting time is calculated from BCFPI data provided by the agency and is based on the time from when the BCFPI was first completed until the individual was provided with service. However, the overall average waiting time as calculated is not meaningful because:

- the BCFPI data submitted are often inaccurate or incomplete; and
- the average waiting time for everyone seeking service from an agency is not a good indicator of unmet service need because of the significant variability of service needs amongst all the individuals waiting for service.

**RECOMMENDATION 2**

In order to have better information about unmet service needs and ensure that those most in need are provided with service first, agencies should:

- maintain more comprehensive, consistent, and meaningful waiting-list information by individual from the time a person is referred to the agency to the time he or she is provided with service; and
- work with the Ministry of Children and Youth Services to ensure that the Ministry receives accurate waiting-list information from data collected through the Brief Child and Family Phone Interview or other such processes on a timely and consistent basis to help it better monitor and assess unmet service needs.

**CASE MANAGEMENT**

The Child and Family Services Act and ministry service agreements with agencies specify certain requirements that agencies must meet when providing residential care. For example, a number of agencies must complete a Child and Adolescent Functional Assessment Scale (CAFAS—a tool used to assess the degree of impairment in children and to evaluate treatment outcomes) upon entry and exit from service; prepare plans of care and periodically review and update them; maintain progress notes; conduct dental and medical examinations; and obtain consent for service and for such things as emergency medical treatment and the use of psychotropic drugs.

Our review of a sample of case files for individuals receiving residential care at the two agencies that provided full-scale residential service found

**AGENCIES’ RESPONSE**

The Ministry is aware of our more detailed waiting-list data collection; however, it has requested only that average waiting-time information be provided every three months. More resources will be needed to make more detailed tracking and analysis possible. In addition, a unique identifier will be required to maintain waiting lists that are more client-specific.
that, although these requirements were generally adhered to, there were some exceptions:

- At one agency, approximately one in 10 of the files reviewed did not have an opening CAFAS and two in 10 did not have a closing CAFAS when it was required.
- At one agency, 13% of the files reviewed did not contain a plan of care, and the mandatory 90- and 180-day updates were often prepared late, by up to 78 days.
- Some medical and dental examinations were not completed at the time of admission as required.
- In many cases, the mandatory consents to service, to the use psychotropic drugs, and to obtain emergency medical treatment were not on file.

The vast majority of services provided by agencies is delivered in a non-residential setting, and the only legislated or Ministry-mandated case management requirement for their services is to complete a CAFAS evaluation upon the individual’s entry to and exit from service. However, three of the four agencies we visited had developed their own case management policies and procedures for many of their non-residential programs, as is required by CMHO’s accreditation process. We note that, although the fourth agency had prepared a file review checklist that was to be completed upon discharge of an individual from service, to complete the checklist after service is completed is not an effective case management practice.

Our review of a sample of case files at the three agencies that had developed their own case management policies and procedures found that their internal policies were often not complied with. For example, in many cases:

- Neither opening nor closing CAFAS evaluations were on file.
- Consent to service had not been obtained.
- Plans of service were missing.
- Quarterly progress notes were not completed.

We did note that two of the four agencies visited had successfully implemented either an internal quality-assessment-team or a peer-review process that reviewed and assessed a sample of client files in relation to their own case management practices; the other two agencies had no such process. The internal quality assurance reports prepared by these two agencies noted some of the same problems we found in our own file review and often attributed the deficiencies to a lack of adequate or timely documentation or proper sign-off.

**RECOMMENDATION 3**

To help ensure that every person receives the quality services that he or she needs, all agencies, in consultation with the Ministry of Children and Youth Services, should:

- develop case management standards for their non-residential programs; and
- develop a periodic internal quality-assessment or peer-review process to help ensure that case management standards are being met.

**AGENCIES’ RESPONSE**

CMHO recently updated its Accreditation Program Standards, and increased the number of standards that are mandatory in order to ensure quality service delivery. A broader adoption of standards will be encouraged.

**Evidence-based Service Delivery**

Due to increasing program costs and service demands and limited resources, it is all the more critical for agencies to deliver programs that have a proven track record or are evidence-based practices. Research in this regard has been developing over the past decade. The areas for which there is the most literature on effective treatment for children and youth are anxiety; depression; oppositional, aggressive, and antisocial behaviour; social skills; and self-esteem. The Provincial Centre of Excellence for Child and Youth Mental Health was established in part to research and disseminate
information about evidence-based practices to the child and youth mental health sector.

Our review of programs at the agencies visited noted that, while some programs being delivered were evidence-based practices, many others were not.

There are essentially two types of performance measures for programs such as child and youth mental health services:

- Quantitative program-output measures, such as the number of clients served and the number of direct service hours provided; and
- Qualitative outcome measures that evaluate changes in a client’s condition as a result of services provided.

Both types of measures are necessary for determining whether an agency’s expectations were met and whether the services provided represent value in relation to their cost.

With respect to an agency’s quantitative measures, we found that each of the four agencies prepared cumulative quarterly reports that are submitted to the Ministry and that compare, among other things, the number of persons served and the number of direct service hours provided to the targets established in their contractual agreement with the Ministry. However, for purposes of comparison, these reports would not be all that useful because:

- Everyone is counted the same way regardless of the extent and type of service that he or she received. For example, a person would be counted as one whether he or she attended a single one-on-one session in the year or many sessions over the course of the year.
- At least one agency included cancelled and missed appointments in the performance statistics it reports, a practice that in our view is misleading.
- In many cases, agencies were unable to provide supporting information to corroborate the completeness and accuracy of the information contained in the quarterly activity reports they submitted to the Ministry.

With respect to the qualitative performance measures, as noted in our 2003 Annual Report, the Ministry required agencies to adopt CAFAS to monitor the level of client functioning at intake and the time of exit from service for most programs where interventions were expected to last more than a month. Information is entered into the CAFAS computerized information system by agency front-line staff and is periodically uploaded to the CAFAS in Ontario team at the Hospital for Sick Children. The CAFAS in Ontario team in turn produces a quarterly report that compares an agency’s aggregate CAFAS data to the comparable regional and provincial aggregate data. It also produces for the Ministry an annual report that summarizes CAFAS data from across the province. Although the introduction of CAFAS is an important component of measuring outcomes and implementing evidence-based service delivery, and the reports generated contain a wide range of detailed information, they are not yet reliable enough to be fully useful for the following reasons:

- Raw CAFAS data reported to the Hospital for Sick Children have generally not been reviewed or edited and, in some cases, have been known to be incomplete or to contain duplicate information. Recognizing this led at least one agency to recently institute a process to verify the completeness and accuracy of the data before they are submitted and has undertaken to improve the reliability of the data through increased training of staff.
- Even if the data were more reliable, their use as a performance measurement tool for individual agencies or their programs would be enhanced if there were established benchmarks against which an agency’s aggregate CAFAS score or the scores of specific programs could be compared. As well, comparing an agency’s average score to other regional and provincial averages could well provide misleading information about the results achieved by particular individuals or by specific programs or services. For example,
Although on a provincial basis, 75% of children and youth show improved functioning, it is not at all clear whether the extent of improvements are acceptable, represent the best possible outcome, and ultimately represent value for money spent.

However, we note that two agencies have developed the capacity to analyze their own CAFAS data and prepare reports on the results achieved by their various programs and services. In our view, this represents a best practice that should be adopted by all agencies.

Recommendation 4

In order to help demonstrate that children and youth with mental health needs have been helped as much as possible by the services they receive, agencies, in consultation with the Ministry of Children and Youth Services, should:

- continue the move to deliver proven programs using evidence-based practices to make the best use of available child and youth mental health funding;
- report more meaningful and consistent information about the quantity of services they provide; and
- establish more detailed or meaningful qualitative benchmarks, by individual and by type of program, to which the actual results achieved can be compared.

Agencies’ Response

Children’s mental health agencies are committed to ensuring that the best possible mental health services are available to children, youth, and their families. Delivery of evidence-based practices will produce positive outcomes for those we serve.

The suggestion by the Auditor General to adopt a “best practice” of having each agency develop the capacity to analyze its own CAFAS data and prepare reports can be realized only with resources from the Ministry.

The new version of CAFAS, currently in development, will allow for efficient program evaluation and comparison across regions. Our ultimate goal is that all services delivered by children’s mental health providers become evidence-based and result in positive clinical outcomes for participants.

Agency Management and Control

Overview

As detailed in Figure 2, total transfer payments to child and youth mental health agencies have increased fairly steadily over the past 10 years. However, most of the net increases resulted both from the funding of new direct-service initiatives and from the transfer of activities in and out of the program. Over the same period, annual ministry funding increases for agencies’ core programs, including their administrative activities, have, until very recently, been minimal or non-existent (see Figure 3).

In our audit of the Ministry’s administration of the Children’s Mental Health Services program in 2003, we noted that giving agencies the same amount of base funding as in previous years or

Figure 2: Transfer Payments to Child and Youth Mental Health Agencies, 1998/99–2007/08 ($ million)

Source of data: Ministry of Children and Youth Services
minimal across-the-board increases, and providing funding for new initiatives without any needs assessment, may result in similar services throughout Ontario being funded at significantly different levels; thus funding inequities between agencies are perpetuated. In addition, questionable items may be funded and funding provided for specific agreed-to purposes may be spent for other purposes.

We also noted that when funding to agencies is not based on assessed need, those agencies facing significant across-the-board cost increases had to eliminate services even in the face of increased service demands.

In light of the significant variability in the types of programs delivered by transfer-payment agencies and the fact that the Ministry does not involve itself in the agencies’ day-to-day operations, it is all the more critical that all agencies have strong financial controls and business practices to ensure that they operate prudently and offer quality services in a cost-effective manner. Our observations about the agencies’ financial controls and business practices follow.

Purchasing Policies and Procedures

Most large private- and public-sector organizations require that goods and services be acquired through a competitive process that seeks to achieve the best value for money spent and promotes fair dealings and equitable relationships with vendors. For example, after our audit of Children’s Aid Societies in 2006, the Ministry issued a policy directive requiring that Children’s Aid Societies:

- establish their own procurement procedures for goods and services under $25,000;
- use an open and transparent competitive process for the purchase of goods valued at over $25,000; and
- consider at least three vendors when purchasing services valued at between $25,000 and $100,000; and use an open and competitive process when purchasing services valued at over $100,000.

Our review of purchasing policies and procedures at the four agencies visited found the following:

- Two agencies had no policies and procedures requiring the competitive acquisition of goods and services.
- One agency had a policy requiring that “major” purchases be acquired competitively “whenever it was possible or prudent to do so.” However, what was considered a major purchase was not defined, nor were the circumstances under which it was not possible or prudent to follow a competitive process.
- Another agency required at least two quotes when the value of the purchase was over $500 or the term of the commitment was for more than one year.

Regardless of whether or not an agency had policies and procedures requiring the competitive acquisition of goods and services, in many instances we did not find any evidence that goods and services were acquired competitively.

We also found that the agencies did not have policies about when certain discretionary types of
expenditures could be made. These included, for example, expenditures for:

- staff meals and hospitality;
- overnight accommodations;
- international travel; and
- client and staff functions and gifts and appreciation awards.

As a result, practices varied significantly. For example, at one agency, senior management were given gift cards with a total value of $18,000 and individual values of up to $1,500 as a non-taxable bonus, even though they should have been taxable. As well, $4,200 was spent on a staff member’s retirement function.

**RECOMMENDATION 5**

To help ensure that expenditures are reasonable and represent value for money spent while promoting fair dealing with vendors, agencies, in consultation with the Ministry of Children and Youth Services, should:

- establish requirements for a competitive process for major purchases of goods and services; and
- establish clear policies, approved by each agency’s governing board, for the circumstances and amounts in which certain types of discretionary expenditures, such as meals, hospitality, client and staff functions and gifts, and appreciation awards, will be paid.

**AGENCIES’ RESPONSE**

We agree with this recommendation, although in many cases there was evidence of a competitive purchasing process. We will endeavour in future to comply with updated policies for competitive purchases and discretionary expenditures such as those noted by the Auditor General. For example, one agency has already identified and implemented a new process to encourage compliance with the updated policies.

**Acquisition of Professional Services**

Agencies acquire a broad range of services from professionals such as psychiatrists, psychologists, lawyers, accountants, and IT professionals. We noted many instances where:

- There was no evidence as to how an individual or firm had been selected.
- There were no written agreements detailing the basis upon which services were to be provided or the way in which the amounts billed were to be determined. When agreements were shown to us, they were often long out of date, by up to nine years.
- There was no attempt to establish the qualifications of the individuals or firms providing the service or to evaluate their performance periodically.

In addition, our review of a sample of invoices for professional services found that they frequently lacked sufficient detail to permit an assessment of whether the amount billed was reasonable and appropriate or even that the services had actually been provided. In many cases, invoices simply showed the total amount billed without any details as to the number of hours billed, the rates charged, or the clients served.

**RECOMMENDATION 6**

In order to help ensure that they receive value for money spent for professional services and promote fair dealing with vendors, agencies should:

- document the basis on which professional individuals or firms were selected and the way in which the reasonableness of the amounts to be paid was determined;
- for major contracts, enter into formal written agreements detailing the basis under which services are to be provided and paid for and periodically evaluate the results achieved; and
Agencies often did not specify in writing who could approve the purchase of specific goods and services or who could approve individual payments, a practice that is one of the prerequisites for maintaining good internal financial controls.

Our review of a sample of payments made by the agencies we visited for a wide range of goods and services found some cases where the supporting invoice could not be found and many cases where the invoices lacked sufficient detail to show what was acquired and whether the amounts paid were reasonable.

Our review of payments where detailed invoices were available noted a number of payments for items that were questionable or uneconomic in our view. The following are some examples:

- We were advised that agencies often buy gift cards to give to youths to enable them to purchase food and other necessary items rather than providing them with cash advances. In many cases, gift cards with individual values of up to $200 were purchased from such stores as Wal-Mart, No Frills, Tim Hortons, and Pizza Pizza with no indication as to whom they were given to. One such purchase—totalling $5,000—was made during the last week of the fiscal year.
- Access to taxi chits was often not well controlled. In addition, monthly invoices from taxi companies were paid without reconciling the amounts charged for individual trips to the taxi chits signed by clients or staff members and without determining what the trips were for.
- Four senior staff members were sent to a conference in Boston at a cost of $25,000, which included $1,500 for a round-trip airfare and hotel accommodations of up to $500 per person per night.
- Meal and hospitality expenses were frequently paid for without providing a reason for doing so and assessing the reasonableness of the amounts.
- Payments for both land-line and cell-phone service frequently seemed excessive. For example, we noted that two individuals each incurred over $1,100 in roaming and long-distance charges while attending a conference in the U.S.
- $44,000 in program funding was paid to a consultant to prepare a report on how the agency could maximize and diversify its revenue through enterprise development. However, the recommendations of the report were never acted upon because the agency did not have the necessary startup funds.
- $30,000 was spent by one agency to produce 750 copies of an annual report, an amount that is equal to $40 per copy, whereas another agency produced a similar annual report at approximately one-third of that price.

With respect to the use of agency credit cards, we noted the following:

- For many purchases, there were no detailed receipts or other supporting documentation as to what was purchased and why it was considered an agency expense.
- In some cases, agency credit cards were shared between different employees or temporarily assigned for short-term use, practices that significantly weaken control over the use of the cards.
- Credit-card balances were generally paid every month to avoid interest charges but often without review and approval of the
amounts billed and paid. In some cases the statements were not reviewed and approved until long after the fact. For example, in one case, we noted that the credit-card statements for one staff member for the months November 2006 to October 2007 inclusive, totalling $4,300, were reviewed and approved in December 2007, and in another case five statements totalling $14,300 were reviewed five months after the fact.

**RECOMMENDATION 7**

In order to help ensure that all payments made are reasonable in the circumstances and can be demonstrated to be so, agencies should:
- formally delegate to specific persons the authority to initiate and approve purchases and to authorize payments, and emphasize to those persons the need to be vigilant in order to obtain value for money spent;
- obtain and keep receipts and invoices that are detailed enough to establish the reasonableness of all the amounts billed and paid; and
- review and approve credit-card statements more promptly.

**AGENCIES’ RESPONSE**

We agree with this recommendation, and it will be implemented. It should be noted that all of the expenses examined in the audit were business-related in our view.

**Use of Agency Vehicles and Reimbursement for Use of Personal Vehicles**

Three of the four agencies we visited had very few (one to six) owned or leased vehicles; the fourth agency maintained a fleet of 33 vehicles. Of these, 20 were assigned to senior staff members for their exclusive use and treated as a taxable benefit, and the remaining 13 were kept at various program locations for use by local staff.

At the latter agency, staff who have a vehicle assigned to them are expected to maintain a vehicle usage log and report to the agency monthly the total number of kilometres driven for business and personal use. Our review of a year’s summary information reported to the agency for the use of all 20 assigned vehicles, and a sample of vehicle usage logs, noted the following:
- Vehicle-use logs did not indicate the start and end points for each trip or its purpose; thus it was impossible to verify the reasonableness of the distance driven or the distinction between business and personal use.
- There was no evidence that the agency periodically reviewed and assessed the reasonableness of the vehicle-usage information reported to it.
- Many of the vehicles were driven significantly less than 22,000 kilometres per year for business use, which is the threshold above which the Ministry of Transportation has determined it is economical to provide an individual with a vehicle owned or leased by the employer. For example, 10 vehicles had been driven less than 10,000 kilometres for business use, and one as little as 2,850.
- The reported personal distance driven for all 20 assigned vehicles averaged 51% of total distance and, in several cases, was over 80%.

At all agencies, employees who do not have access to an agency vehicle are reimbursed per kilometre when driving their own vehicle for business use. Our review of a sample of such travel claims noted that they frequently lacked sufficient details about the starting and ending points and reasons for travel; this made it difficult or impossible to determine the reasonableness of the amounts claimed and paid.
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Ministry Transfer of Funds and Funds Held in Trust

During our visits to agencies, we noted instances where the Ministry had either transferred significant amounts of money to the agencies very late in the fiscal year or had provided, during the year, funding that was essentially to be held in trust. Our review of several of these transfers noted the following:

- One agency received $435,000 from the Ministry in the last week of its 2006/07 fiscal year. On instructions from the Ministry, most of these funds were distributed to other organizations shortly before year-end.

Similarly, the same agency received $1.2 million from the Ministry during 2006/07 under a three-year special agreement; $300,000 of the money was received in the last week of the year. This amount is also to be redistributed to other organizations upon instructions from the Ministry, although at least $825,000 was unspent at year-end and was shown as deferred revenue on the agency’s balance sheet.

The Ministry’s instructions for redistributing these funds notwithstanding, it was not evident how the reasonableness of the amounts to be transferred was determined or who was responsible for ensuring that the funds were used for the intended purpose. In addition, although the agency is expected to account for the expenditure of these funds either through its annual program expenditure reconciliation or otherwise, it would appear that no one is responsible for the results that are to be achieved with these funds.

- Another agency received over $1 million during the last week of its 2006/07 fiscal year. This amount was for a capital project that had already been completed and financed by the agency. When it was determined that the amount provided exceeded the agency’s requirement by over $340,000, the agency was instructed to keep the excess funds for use in subsequent years. At the time of our visit in April 2008, a year later, none of the funds had been spent.

recommendation 8

In order to help ensure that all of their transportation requirements are acquired economically, agencies should:

- ensure that the number of vehicles they own or lease is justified by an assessment of their transportation needs;
- periodically review and assess for reasonableness the usage information for owned or leased vehicles; and
- ensure that claims for the use of personal vehicles for business purposes contain sufficiently detailed information for reviewers to confirm the reasonableness of the amounts claimed and paid.

recommendation 9

When agencies act as a conduit for transferring funds from the Ministry of Children and Youth Services to third parties, they should consult with the Ministry to clarify their responsibilities. In particular, this clarification should specify:

- who is responsible for assessing the reasonableness of the amounts transferred to third
parties and ensuring that the funds are actually used for their intended purpose; and

- who is responsible for the results that are expected to be achieved with those funds.

**AGENCIES’ RESPONSE**

We agree with these recommendations and recognize the need for accurate and clear records, direction for the use of funds, and identification of results expected.

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**Agency-board Governance and Accountability**

As previously noted, agencies are governed by independent boards of directors often consisting of between 10 and 15 volunteer members. Board members are usually appointed for one- to three-year terms and are reappointed or replaced at the annual general meeting.

On the basis of our discussion with board members and a review of board meeting minutes, we made the following observations about board governance and accountability:

- As is the case with the not-for-profit sector, agencies have no memberships or broader interest groups to which they must report about operations and the prudent use of funds. However, although they advised us that they are accountable to a variety of community interest groups, there are no formal processes for that accountability to occur. For example, in one case, the board reported to the agency’s full-time staff members at their annual general meeting, and the staff members in turn reappointed the board.

- Contrary to requirements, the boards did not affirm to the Ministry that they collectively had the required skills and expertise to discharge their responsibilities and that an appropriate governance and reporting structure was in place.

- With one exception, board members were not required to declare actual or potential conflicts of interest even though, in at least one case, a conflict of interest did exist and was not declared.

**RECOMMENDATION 10**

Agencies should continually assess their options for strengthening board governance and accountability structures. For example, agency membership could be extended to include children’s advocates or individuals representing the interests of service recipients, as is done by some Children’s Aid Societies.

**AGENCIES’ RESPONSE**

Board members of children’s mental health agencies, like members of all non-profit boards such as hospitals, universities, and community colleges, are dedicated individuals who volunteer their time, assume significant liability, and provide a necessary and relevant service representing their communities. Our board members bring personal and professional backgrounds that ensure that there is strong governance and accountability in our agencies. We agree that we should periodically assess how board governance and accountability might be strengthened.

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**Human Resource Management**

Staff salaries and benefits usually account for up to 80% of an agency’s overall expenditures. As a result, the allocation of staff to an agency’s various activities and the management of the human resource function is one of the most critical aspects of ensuring that an agency is operating efficiently and effectively.

We noted that the assignment of staff to various areas was very informal. For example:

- For many programs and activities, workload benchmarks, such as staff-to-client ratios or
time budgets for specific activities, which would provide guidance to supervisory staff, were often not established.

- Where workload benchmarks were provided to us, they were relatively old, in one case 15 years old, and the basis for their determination and their reasonableness under current circumstances were not clear.

- Although front-line workers were required to track direct service hours for ministry reporting purposes, none were required to report where they had spent all of their time each week.

We noted that most residential homes were normally staffed fully throughout the year even though many had significant vacancy rates for extended periods. For example, one home that was staffed for eight residents had an average of only three people living there. This contributed to the relatively high cost of almost $1,000 per day to care for each resident.

Given the nature of the services that the agencies provide and the vulnerability of the clients served, it is essential that agencies hire qualified and competent staff, provide both initial and ongoing training, and periodically evaluate their performance. Most agencies have established requirements in these regards, although there were no processes in place to ensure that the requirements were complied with.

Our review of a sample of personnel files noted many instances where the established requirements were not followed, as in the following examples:

- Documentation concerning pre-employment interviews such as rating sheets, criminal and other reference checks, and verification of qualifications were often not on file.

- There was often no evidence of initial and ongoing training.

- The mandatory annual performance appraisals were frequently not on file.

RECOMMENDATION 11

Agencies should establish reasonable staff-to-client or other workload benchmarks as guidance for supervisory staff and to support overall staffing levels. They should also have supervisors perform spot checks of personnel files to help ensure that hiring requirements such as background checks and other human-resource-management requirements are followed.

AGENCIES’ RESPONSE

We agree with the validity of this recommendation. It should be noted that the erosion of agency infrastructure has contributed to a limited ability to stretch administrative supervisory capacity. In order to implement this recommendation fully, agencies will have to increase their staff, which will require an increase in funding. Although documentation is sometimes absent, the hiring of qualified staff and the performance of background checks are standard procedure.

Capital Assets

Agencies own a variety of fixed assets such as real estate, computer systems and hardware, office furnishings and equipment, and typical furnishings for residences, including electronic devices such as televisions and DVD players. We made the following observations about the acquisition, management, and control of capital assets:

- Contrary to ministry requirements, we noted a number of instances where the Ministry’s interest in real estate purchased with ministry funding was not registered on the title or was registered long after the fact.

- Although two agencies did a good job of maintaining up-to-date lists of capital assets, tagged their capital assets, and periodically verified their existence and location, the other two agencies did not. As a result, there
was little assurance that assets purchased by those agencies were safeguarded and properly accounted for.

- In one case, an agency kept a fairly substantial building empty for 18 years at a significant opportunity cost and maintenance expense.
- One agency built the first of four planned residential homes to house up to seven individuals. The cost, excluding land, was more than $1 million. There was insufficient evidence to show that the agency had adequately assessed its requirements for such accommodations or had sought the most economical means to meet those requirements.

**RECOMMENDATION 12**

All agencies should ensure that the acquisition and retention of their capital assets is warranted and that they are properly safeguarded and accounted for.

**AGENCIES’ RESPONSE**

We agree with this recommendation. With respect to the empty building, the agencies would like to note the following:

- The building referred to remained vacant because of the difficulty in finding a suitable program tenant to continue its use as a residence for children and youth with mental health issues so as to ensure the continuation of the residential zoning designation as a children’s residence.
- It should also be noted that the building, because of its location in the middle of the agency’s campus, is effectively non-saleable.
- Many proposals submitted to the Ministry were for needed programs to be offered at this site; they included its use as a stabilization unit, an assessment centre, and a residential treatment unit for adolescents. Yet funding could not be secured. In some situations, funding was available for capital improvements but not for operating costs, or vice versa.

With respect to the residential home, despite the lack of supporting documentation, it is our view that extensive research was conducted and due diligence was used to ensure that construction materials and products were acquired at best value for dollar. Products chosen were determined to be the most suitable given the requirements for durability, sustainability, and cleanliness in order to meet client-related service needs in a quasi-institutional setting.

**Computerized Information Systems**

Agencies have a number of computerized information systems for such things as financial accounting records and maintaining confidential client information. We noted that, although each agency generally develops or acquires and maintains its own computer systems, the individual systems have much in common. As a result, given that there are hundreds of agencies, more collaboration among agencies in acquiring and developing computer systems could be more economical in our view.

Our review of the individual systems at the agencies we visited noted a number of control weaknesses and instances where best practices were not followed, as in these examples:

- Passwords to access computerized systems often did not comply with minimum complexity standards, and there were often no limits on the number of unsuccessful attempts to log into the system that could be made before access was denied.
- Terminals often did not have a lock-out function after a specified time of inactivity.
- For one of three agencies that used outside service providers, there were no guarantees that confidential data in the hands of outside service providers were being safeguarded.
There was a risk of a loss of data stored at the agencies because data backups were kept on site for as long as 30 days before being transferred off site. Most organizations transfer data off site at least once a week.

User manuals were out of date.

In one case, an agency’s server was installed in the furnace room, which is not a suitable environment for a server.

**RECOMMENDATION 13**

All agencies should strengthen their controls over their computerized information systems, especially with respect to security of confidential client data. Collaboration between agencies could be a more cost-effective approach to doing so as opposed to each agency developing and maintaining its own system.

**AGENCIES’ RESPONSE**

This is a reasonable recommendation, and agencies will welcome increased funding in order to implement greater security, better sharing of information, and regular maintenance with respect to our computer systems.