MINISTRY OF COMMUNITY AND SOCIAL SERVICES

4.04–Community Accommodation Program

(Follow-up to VFM Section 3.04, *1999 Annual Report*)

BACKGROUND

The Community Accommodation program funds approximately 200 non-profit agencies that provide community-based, residential accommodation and support to adults and children with developmental disabilities. The services provided range from minimal supervision for individuals placed in relatively independent living arrangements to intensive 24-hour-a-day, seven-day-a-week care when considered necessary.

For the 1998/99 fiscal year, the program's operating expenditures totalled approximately $285 million. In addition, the Ministry approved one-time capital expenditures of about $15 million for its Community Living Initiative for that year.

We concluded that the Ministry's procedures did not ensure that transfer payments to agencies were reasonable and satisfactorily controlled. In that regard we found that:

- the Ministry did not fully meet the requirements of the Management Board of Cabinet Directive on Transfer Payment Accountability to demonstrate that transfer payment agency expenditures were managed prudently;

- the agency budget request and approval process was not timely, and there was no evidence that the amounts approved were based on assessed needs; and

- the Ministry was not effectively monitoring agency expenditures or service levels, or ensuring that appropriate corrective action was taken when necessary.

We also concluded that the Ministry's procedures to ensure compliance with legislative requirements and ministry policies and procedures were not adequate because the Ministry needed to:

- conduct regular inspections of family home agencies and group homes and ensure that any necessary corrective actions are taken; and

- promptly investigate and follow up all serious occurrence reports to ensure that the necessary corrective actions are taken.

We made recommendations to overcome these deficiencies and the Ministry responded to our recommendations with commitments to take corrective action.

CURRENT STATUS OF RECOMMENDATIONS

Based on information obtained from the Ministry, the Ministry had implemented or was in the process of implementing most of our recommendations. The current status of the Ministry's action on each of our recommendations is as follows.

TRANSFER-PAYMENT CONTROLS

Transfer-Payment Agency Accountability and Governance—Accountability

Recommendation

To hold transfer-payment agencies accountable for the prudent use of public funds, the Ministry should implement an accountability framework which satisfies the requirements of the Management Board Directive on Transfer-Payment Accountability.

Current Status

The Ministry issued a new governance and accountability framework, based on the Management Board Directive on Transfer-Payment Accountability, that was approved by senior ministry management in June 1999.

At the time of our follow-up in early 2001, the Ministry was training newly appointed program supervisors on the requirements of the framework as an initial step in the process of implementing the new framework.

Transfer-Payment Agency Accountability and Governance—Governance

Recommendation

To enhance and justify the reliance the Ministry can place on the boards of directors of transfer-payment agencies, the Ministry should ensure that the conditions necessary for reliance are in place.

Current Status

The Ministry is developing a board resource manual that will set out the roles and responsibilities of boards as well as requirements for board composition, recruitment, and training. The Ministry intends to distribute the draft manual to selected stakeholders for review during the fall of 2001. The manual is expected to be ready for distribution in the spring of 2002.

Agency Funding Requests and Approvals

Recommendation

In order to help ensure that agency funding is equitable and appropriate, the Ministry should:

- *review and approve budget requests on a more timely basis; and*

- *critically assess budget requests to ensure that amounts approved are commensurate with the demand for and value of the underlying services to be provided.*

Current Status

The Ministry developed a new timetable for the 2000/01 budget approval process for all its programs, including the Community Accommodation program, whereby regional offices had to finalize their service contracts by June 30, 2000. However, our review of a sample of budget

submissions for that year found that budget reviews continued to be untimely—approximately half of the service contracts had not been completed by November 2000.

To aid in the review of the budget requests, the Ministry has developed a draft transfer-payment checklist that itemizes the key elements of the budget submission review and approval process. The Ministry intends to implement this checklist during the current year.

Community Living Initiative

Recommendation

In order to be able to demonstrate that funding provided to agencies under the Community Living Initiative is necessary and reasonable, the Ministry should review and adequately document its assessment of the necessity for and reasonableness of all approved costs.

Current Status

The Community Living Initiative ended in March 2000. With respect to operational funding requests, subsequent to the audit, the Ministry required that all requests in excess of the average of $55,000 per placement be reviewed and approved by the Ministry's head office. We were advised that, for future initiatives, the Ministry will ensure that all funding requests be reviewed and adequately documented in assessing the necessity for and reasonableness of all approved costs.

Quarterly Reporting

Recommendation

In order to more effectively monitor agency expenditures and service levels and to better identify significant variances for follow-up and corrective action, the Ministry should:

*   *obtain and analyze agency quarterly reports on a more timely basis;*

*   *ensure that adequate explanations or corrective action plans are provided for all significant variances; and*

*   *review and approve any necessary corrective action.*

Current Status

We reviewed a sample of quarterly reports and found that approximately one-third of them were received after their due dates. In addition, although explanations and corrective action plans were generally provided for significant variances identified in the quarterly reports, in many cases we found no evidence of ministry review or approval of these explanations and plans.

The Ministry advised us that it is aware that its requirement for quarterly reporting poses challenges for some agencies. The Ministry also advised us that it continues to work with agencies to overcome these difficulties on an ongoing basis in order to improve the timeliness and comprehensiveness of the quarterly reports.

Annual Program Expenditure Reconciliation

Recommendation

To identify and recover funding surpluses as well as the amounts of any inappropriate and ineligible expenditures, the Ministry should:

- *ensure that Annual Program Expenditure Reconciliations (APERs) and financial statements contain sufficiently detailed and comparable information to allow identification of funding surpluses or ineligible or inappropriate expenditures; and*

- *obtain, review, and approve all APERs on a timely basis.*

Current Status

In many instances APERs continued to be received late. For example, for the 1999/2000 fiscal year, almost one-third of the APERs were not received by their due dates.

In addition, both APERs and the accompanying audited financial statements lacked sufficient detail or the note disclosure necessary to effectively identify funding surpluses or ineligible or inappropriate expenditures.

The Ministry advised us that it continues to provide support to regional offices with respect to the timely review of APERs. For the 2000/01 APER package, the Ministry will update the 1999 "best practices" checklist to facilitate the identification of eligible and ineligible program expenditures.

COMPLIANCE WITH LEGISLATION, POLICIES, AND PROCEDURES

Adult Accommodation

Recommendation

To ensure that group and family homes meet health and safety requirements, the Ministry should:

- *conduct initial and subsequent inspections of and approve adult group homes on a regular basis;*

- *follow up identified areas of group home non-compliance to ensure that any necessary corrective actions are taken;*

- *conduct and adequately document the required family home agency reviews; and*

- *ensure that it receives the required notifications of family home agency approvals of individual family homes and that monthly visits of agency staff to family homes are adequately documented.*

Current Status

The Ministry has developed and implemented a compliance inspection checklist for documenting both adult group home inspections and family home agency reviews. We found that the checklists were being completed as required and instances of non-compliance with mandatory requirements were noted and followed up.

Serious Occurrences

Recommendation

To help safeguard the health and safety of individuals living in community accommodation, the Ministry should ensure that:

- *agencies report all serious occurrences both verbally and in writing within required timeframes; and*

- *ministry staff promptly investigate and follow up all serious occurrences to ensure that the necessary corrective actions have been taken.*

Current Status

A review of a sample of serious occurrence files indicated that incidents were reported verbally and in writing within the required ministry timeframes and, where necessary, corrective actions were taken and approved by the Ministry.

MANAGEMENT INFORMATION SYSTEMS

Recommendation

To improve the usefulness of its management information system, the Ministry should:

- *ensure that complete and accurate agency information is collected and entered into the system on a timely basis; and*

- *implement regular, detailed exception reports for management review and follow up.*

Current Status

We were advised that the Ministry continues to emphasize the need to maintain complete and accurate information in its service and management information system and is providing the appropriate training in that regard. In addition, the Ministry is currently in the process of implementing new software that will allow data to be used for trend analysis, comparisons, and chart and report creation.