Chapter 3

Section

3.01

Ministry of Children and Youth Services

Child Welfare Services Program

Background

The Ministry of Children and Youth Services (Ministry) administers the Child Welfare Services Program under the authority of the *Child and Family Services Act* and Regulations. The Ministry contracts with 53 local not-for-profit Children's Aid Societies (Societies) for delivery of legislated child-welfare services in their respective municipal jurisdictions and provides 100% of the required funding for these services. The Ministry operates nine regional offices that co-ordinate service planning and monitor the activities of the Societies in their jurisdictions.
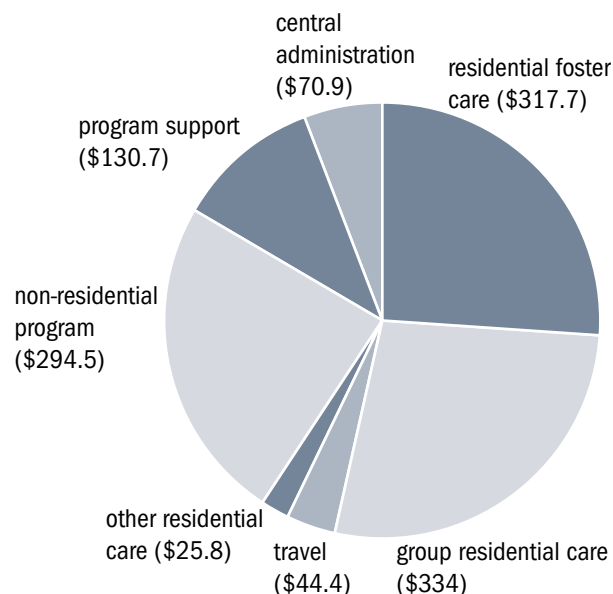
Among other responsibilities, Societies are to investigate allegations and evidence to determine whether children may be in need of protection and supply the necessary services to provide that protection.

Each Society operates at arm's length from the Ministry and is governed by an independent volunteer board of directors. While provision of services in most other ministry programs is subject to availability of funding, in the Child Welfare Services Program, each Society must, by requirement of the *Child and Family Services Act*, provide all of the mandatory services to all identified eligible chil-

dren. In other words, a child requiring protection must not have to wait for services due to funding constraints. For the 2004/05 fiscal year, total program expenditures reported by all Societies of $1.218 billion were allocated by category of expenditure as illustrated in Figure 1.

Figure 1: Society Expenditures, 2004/05 ($ million)
Source of data: Ontario Association of Children's Aid Societies

central administration ($70.9)
residential foster care ($317.7)
program support ($130.7)
non-residential program ($294.5)
other residential care ($25.8)
travel ($44.4)
group residential care ($334)

In 2003, the Ministry issued the Child Welfare Program Evaluation Report, which concluded that there had been a rate of increase in expenditures in

the child-welfare system that was not sustainable. To address this problem, government policy, the funding framework, and the Societies' approaches to service delivery needed to be modified. As a result, the Ministry developed a Child Welfare Transformation Agenda built around seven key priorities:

- a more flexible intake and assessment model;
- court process strategies to reduce delays and encourage alternatives to court;
- a broader range of placement options;
- a rationalized and streamlined accountability framework;
- a sustainable and strategic funding model;
- a single information system; and
- a provincial child welfare research capacity.

All of these initiatives are intended to support a more effective and sustainable child-welfare system that protects children at risk of maltreatment and improves the quality of their lives.

Implementation of the transformation agenda took a significant step forward when Bill 210, the *Child and Family Services Statute Law Amendment Act, 2005*, received third and final reading, and Royal Assent, in March 2006. The Act is expected to be proclaimed by the end of November 2006.

Audit Objectives and Scope

The objectives of our audit were to assess whether:

- funding provided to individual Children's Aid Societies (Societies) was equitable and commensurate with the value of services provided; and
- oversight of the Societies by the Ministry of Children and Youth Services (Ministry) adequately ensured that children in need received the appropriate care and protection.

The scope of our audit included a review and analysis of relevant files and administrative pro-

cedures, as well as interviews with appropriate staff at the Ministry's head office and three regional offices, which between them accounted for about 50% of total program expenditures. We also held discussions with, and obtained information from, senior management at the Ontario Association of Children's Aid Societies and several individual Societies .

In addition, we engaged the services of an academic expert in child-welfare services to assist us in the conduct of this audit.

Prior to the commencement of our audit, we identified the audit criteria that would be used to address our audit objectives. These were reviewed and agreed to by senior ministry management.

We completed the bulk of our audit fieldwork by April 30, 2006. Our audit was performed in accordance with standards for assurance engagements, encompassing value for money and compliance, established by the Canadian Institute of Chartered Accountants, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Our audit also included a review of relevant audit reports issued by the Ministry's Internal Audit Services in 2003. However, we were unable to reduce the extent of our audit as a result of the internal audit work because it focused on specific issues at individual Societies rather than on overall assessment of the Child Welfare Services Program.

Summary

Even though the Ministry of Children and Youth Services (Ministry) has initiated major program changes since our last audit of the Child Welfare Services Program in 2000, program costs have doubled, and more rigorous oversight is still needed if the Ministry is to be assured that vulnerable children are being adequately protected.

With respect to program costs and funding, we found the following:

- Total program expenditures have almost doubled, from $639 million in 1999/2000 to $1.218 billion in 2004/05. Over the same period, the number of open cases where children were under society protection increased 32%, from 24,806 at the end of the 1999/2000 fiscal year to 32,785 at the 2004/05 year-end, while the number of residential days of care rose 38%, from about five million to 6.9 million.

- While the number of children deemed to need protection increased in part as a result of the introduction of the Ontario Risk Assessment Model in 1998 and other legislative changes, the Ministry discontinued its practice of reviewing the files of non-Crown wards in residential care and children receiving non-residential protection services, which left it unable to assess, among other things, whether services were provided cost effectively.

- The Ministry's funding practices, along with minimal oversight, contributed to significantly different rates of funding and caseload growth between Societies and to significantly higher total program costs. For example, we noted that the eight Societies with the biggest percentage increase in transfer payments from the Ministry got an average 181% increase in funding between 1999/2000 and 2004/05, while the eight Societies with the smallest increase received an average increase of only 25% over the same period.

- The Ministry was unable to ensure the accuracy of caseload data supplied by the Societies to support funding increases because it discontinued reviews of service and financial data in the 2005/06 fiscal year.

- Ministry-negotiated *per diem* rates for service providers used by Societies varied significantly, both within and between regional offices, and they have increased substantially since our last audit. There was little documentation available to explain how these rates had been set or whether they were reasonable in relation to the services provided.

- Similarly, foster-care rates paid to families for similar care varied significantly within and between regional offices, and the Ministry was unable to explain the rationale for these rate variances.

- Even though Society expenditures had doubled in the last five years, ministry financial oversight continues to be inadequate both with respect to monitoring Societies' actual spending against their spending targets and identifying ineligible spending.

With respect to the Ministry's oversight of Societies and program services, we continued to find, as we stated in our 2000 audit, that "if the Ministry is to be assured that children in need are being adequately protected, the Ministry must more effectively monitor the Societies." Our specific findings were as follows:

- Although the Ministry introduced the Ontario Risk Assessment Model to promote consistency and accountability in the intake process, it does not currently monitor the implementation of this model and therefore cannot be certain that children are getting the most appropriate services for their needs.

- Crown-ward review files often contained contradictory information, along with evidence that the Ministry had not issued the necessary directives for Societies to remedy service deficiencies. Furthermore, in many files, the same concerns were repeatedly raised year after year. For example, in about half of the files we reviewed, recommendations issued in one year were repeated in the next. The files also lacked evidence of supervisory review and approval.

- While we were pleased to note that the Ministry expanded its reviews of non-Crown-ward and child-protection files as we had recommended in our 2000 audit, these reviews were discontinued in 2003, and therefore the Ministry cannot be assured that these children are receiving appropriate care and protection.

- Many of the annual licensing files we reviewed for children's residences contained insufficient information to support the issuing of a licence.

- The Ministry was still in the process of implementing the systems and processes needed to measure and report on the effectiveness of the care and services provided to children in need.

Detailed Audit Observations

Under the *Child and Family Services Act*, the Ministry has exclusive authority to:

- make recommendations to government regarding legislation, regulations, and policy;

- determine provincial resource allocations, strategic priorities, and reporting requirements;

- set service standards and define required outcomes;

- inspect and license residences into which children in the care of Societies are placed; and

- monitor Societies to ensure that they provide the prescribed standards of services and take corrective action where required.

Societies are required to:

- investigate allegations and evidence that children under the age of 16 may be in need of protection;

- protect, where necessary, children under the age of 16 by providing the required assistance,

care, and supervision of children in either residential or non-residential care;

- work with families to provide guidance, counselling, and other services where children have suffered from abuse or neglect, or are otherwise at risk; and

- place children for adoption.

Our detailed audit observations focus on, first, concerns about the Ministry's determination of resource allocations (program funding) and, second, issues involving the Ministry's service-standard setting and monitoring of Societies (oversight of services).

PROGRAM FUNDING

After remaining relatively stable in the early to mid-1990s, transfer payments under the Child Welfare Service Program began to increase substantially in the late 1990s, reaching $1.24 billion in 2005/06. Total actual Child Welfare Services Program transfer payments by year are shown in Figure 2.

The increase in expenditures between 1997/98 and 1998/99 was due primarily to the province assuming 100% of program funding under the then-government's Local Services Realignment

Figure 2: Total Transfer Payments to Societies, 1992/93–2005/06

Source of data: Ministry of Children and Youth Services
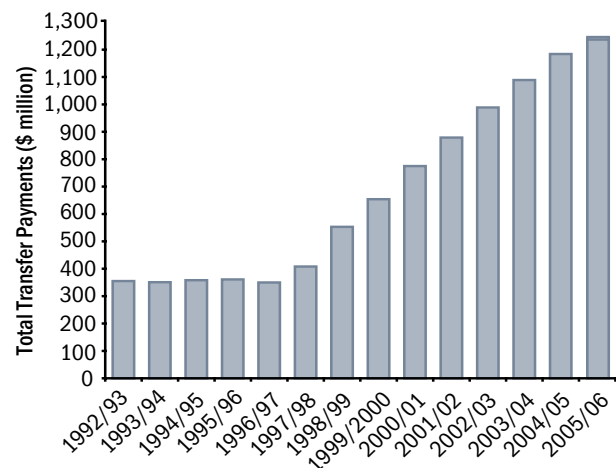
Initiatives. Previously, the province funded 80% of child-welfare services while municipalities paid for the rest.

Three significant changes to the Child Welfare Services Program were major contributors to the substantial annual increases in program expenditures since 1998/99:

- In December 1998, the Ministry introduced a new funding framework for the Societies, phased in over the following three years and based primarily on society-reported data about the types and volumes of services provided.
- Legislative changes introduced in 2000 added emotional harm, including neglect, to the list of conditions for which children require protection.
- The same legislative changes strengthened mandatory reporting requirements by professionals that, in conjunction with the introduction of the standardized risk-assessment model, increased the number of children deemed to require protection.

Other factors that may have contributed to increased costs at some Societies included the impact of collective agreements and a shift to caring for more children in more expensive settings.

Our comments and observations regarding both these changes/factors and the quality of the information used for funding decisions are as follows.

Funding Framework

Prior to the 1998/99 fiscal year, funding to Societies was based primarily on annual budget requests, which themselves were based largely on historical funding patterns. As noted in our audit of Transfer Payment Agency Accountability and Governance in our *1997 Annual Report*, this mechanism was inequitable and failed to relate an agency's funding to any assessment of the value of the underlying services it provided.

Various studies and reviews commissioned by the Ministry in the late 1990s, as well as our earlier audits of the Ministry, identified the need for adjustments to the funding framework to better correlate ministry funding to the underlying services provided by Societies. As a result of these concerns, and in order to promote greater funding equity among Societies, the Ministry announced a new funding framework in December 1998 to provide a more rational and equitable approach. The new framework was phased in over three years and fully implemented during 2000/01.

The new funding framework essentially provided for the following:

- Approximately half of a Society's funding would cover residential-care costs, based on the number of children in group-home and foster care at various *per diem* rates.
- Another one-quarter would go towards direct service costs such as staff salaries, based on caseload data and ministry-determined workload benchmarks and salary ranges.
- The remaining one-quarter would cover indirect costs, calculated as a percentage of the first two funding components.

To ensure that caseloads and service data used in the funding framework were complete and accurate, the Ministry also began to conduct annual service-and-financial-data reviews at the Societies.

Although in our 2000 audit report we considered this new funding framework to be a significant improvement over the previous funding mechanism, its implementation was lacking in two significant respects.

First, Societies have continued to have significant discretion, with minimal ministry oversight, over the types and volumes of cases provided with non-residential protection or residential in-care services. This has led to significant differences in the volume growth of overall caseloads between

Societies and, perhaps more importantly, the practices for placing children in more expensive settings.

As well, the Ministry has continued to fund every Society's annual expenditure deficit—the difference between its actual expenditures and its entitlement—regardless of the Society's formal budgetary entitlement under the framework, and the amounts being funded are significant, as illustrated in Figure 3. Of even greater concern is that overall ministry transfer payments have increased at a significantly higher rate than the key underlying service volumes, as illustrated in Figure 4.

Our analysis of transfer-payment increases and corresponding increases in key service volumes for individual Societies indicated even more significant variances for individual Societies. For example:

- The eight Societies with the biggest percentage increase in transfer payments from the Ministry got an average 181% increase in funding between 1999/2000 and 2004/05, while their weighted-average key service volumes increased by about 91% over the same period.
- The eight Societies with the lowest percentage increase in transfer payments from the province got an average 25% funding increase between 1999/2000 and 2004/05, while their weighted-average key service volumes increased by about 18% over the same period.

The Ministry's Child Welfare Program Evaluation report, issued in 2003, concluded that the

Figure 3: Deficit Funding, 2001/02–2005/06

Source of data: Ministry of Children and Youth Services

Year	Additional Funding Approved to Cover Year-end Deficits ($ million)	% of Eligible Funding Under Framework
2001/02	47.8	5.7
2002/03	102.2	11.5
2003/04	177.8	19.5
2004/05	91.8	8.4

Figure 4: Rate of Increase for Transfer Payments and Key Service Volumes, 1999/2000–2004/05

Source of data: Ontario Association of Children's Aid Societies

	2004/05	1999/ 2000	% Increase
Transfer Payments ($ million)			
amount paid	1,184	654	80.9
Key Service Volumes			
# of investigations	82,137	63,809	28.8
# of ongoing protection cases (non-residential care)	26,754	18,288	46.3
total days of residential care	6,921,440	4,998,983	38.4

funding framework achieved its original goals of being sensitive to direct service volume and providing a more equitable and rational approach to funding. However, it offered little flexibility to promote cost-effective care and other efficiencies. We note in this regard that, in most cases, the Ministry's regional offices have not had staff with sufficient background and training to analyze Societies with significant expenditure increases to ensure that they are justified.

In part as a result of the significant growth in expenditures and to facilitate the Child Welfare Transformation Agenda, the Ministry introduced for the 2005/06 fiscal year a new funding model comprised of four distinct blocks through which funding was allocated to the Societies. The components of the model, as well as the projected total allocations to Societies, are illustrated in Figure 5.

Under the new block-funding model, a Society whose core funding factors exceed the provincial average by more than 10% is required to explain the reason for the variance and propose a three-year plan to bring its funding factors back to the provincial average. However, in cases where Societies incurred abnormally large expenditure increases, we noted little formal analysis by the Ministry to assess the appropriateness of the increases, especially where neighbouring Societies did not incur

Figure 5: Projected Funding Allocated to Four Blocks, 2005/06
Source of data: Ministry of Children and Youth Services

Block Type	Description/Purpose	Projected Allocation, 2005/06 ($ million)
1: Agency Core	actual total funding in 2003/04 + 3%	1,165.7
2: Change Management Investment	for achieving transformation policy, service priorities, and other related objectives determined by Ministry	3.4
3: Select Service-volume Growth Change	for providing eligible service-volume growth as reported by Societies, usually at ministry-determined provincial average *per diems* or benchmark rates	41.3
4: Ministry-managed Child Welfare	for specific purposes such as capital acquisitions and technology improvements	21.7
Total		**1,232.1**

similar increases. For instance, one Society incurred a net increase in expenditures of 154%, with weighted-average key service volumes increasing by 111%, while a neighbouring Society's expenditures increased by only a net of 30%, with average key service volumes increasing by 24%.

We also noted a number of limitations in the block-funding model. Among other things, it perpetuates previous funding inequities by defining a Society's 2005/06 Block 1 (total-core) funding as actual expenditures for 2003/04 plus 3%. In essence, Societies that may have been overfunded relative to caseload volumes are allowed to use that funding level as their ongoing base-funding level. Also, in the absence of annual service-and-financial-data reviews and reliable baseline data for Block 1 funding, as discussed later in this report, it will be difficult to assess the merits of any Block 3 (service-volume growth) funding, which we understand is starting to escalate.

In most cases, Societies could not explain why their funding factors exceeded the provincial averages by more than 10%, and in most cases they did not provide the required three-year plan to bring them into line. When this is coupled with the lack of adequate analysis by the Ministry of the justifiability of the incurred deficit, as pointed out above, the risk persists that the Ministry will continue to fund Societies' annual deficits in the future,

whether or not Societies have used the funding efficiently and effectively.

We also noted that, by March 31, 2006, the last day of their fiscal year, none of the Societies had received any funding approval from the Ministry for their 2005/06 budgeted expenditures.

RECOMMENDATION 1

In order to ensure that funding is commensurate with each Children's Aid Society's caseload, the Ministry of Children and Youth Services should:

- assess the appropriateness of providing all Societies with core funding equal to their 2003/04 actual expenditures plus 3%; and
- consider funding volume growth reported by Societies according to detailed assessments of what would be reasonable for each individual Society based on its circumstances, rather than at provincial average costs.

The Ministry should also ensure that it issues approvals of funding to Societies as early as possible in the fiscal year. In addition, the Ministry should reassess its practice of funding all Societies' year-end deficits regardless of the funding framework used.

Effect of Revised Risk Assessment

In the mid 1990s, the deaths of several children and some other high-profile failures of the child-welfare system raised serious concerns about the safety of Ontario children in certain circumstances. As a result, the Ministry established a number of provincial review committees charged with recommending improvements to the system. These committees made a number of recommendations to address a broad spectrum of issues, which led to significant changes to Ontario's child-welfare system. Among these was the introduction of a mandatory, standardized risk-assessment system and a broadened definition of risk that expanded the grounds for protection to include emotional harm, including neglect.

The Ontario Risk Assessment Model (ORAM), introduced in 1998, was intended to provide Societies with two important tools:

- a standardized means of collecting the information necessary to understand both the nature and degree of risk for a child and his or her family; and
- a basis for selecting from a range of services available within the child-welfare system.

The ORAM includes five assessment categories, called "influences," and within each are elements that rank risk on a scale from zero to four. The risk-assessment scales are further defined by descriptions, called "anchors," which help assign a rating based on narrative descriptions, as illustrated in Figure 6.

The ORAM is often referred to as a "deficit model" of assessment because it highlights areas in which families are deficient and identifies those things families are unable to do. The decision to use this particular risk-assessment model followed a review of several available instruments. We understand that the ORAM is a version of a model that had been in use in New York State at that time but has since been replaced.

Figure 6: Assessment Structure of the Ontario Risk Assessment Model

Source of data: Ministry of Children and Youth Services

| Influence	Anchors
caregiver	abuse/neglect alcohol/drug use expectations of child acceptance of child physical capacity to care for child mental/emotional/intellectual capacity
child	child's influence child's response to caregiver child's behaviour child's mental health and development physical health and development
family	family violence ability to cope with stress availability of social supports living conditions family identity and interactions
intervention	caregiver's motivation caregiver's co-operation with intervention
abuse/neglect	access to child by perpetrator intention and acknowledgement of responsibility severity of abuse/neglect history of abuse/neglect committed by present caregivers

It was expected that standardizing the assessment tool would improve consistency in decision-making while enhancing accountability. The new model was also intended to ensure that intake case workers carefully review and assess all relevant information before arriving at a decision. Nevertheless, the need remains for intake case workers to draw also on their experience and professional judgment, particularly since the vast majority of cases involve greyer areas of child neglect and family violence rather than more blatant physical or sexual abuse, as illustrated in Figure 7.

We noted that, although the Ministry conducted child-protection-file reviews in 2002 and 2003 that assessed compliance with ORAM requirements, no such reviews have been carried out since then. As

Figure 7: Rate and Nature of Child Maltreatment, 1998 and 2003

Source of data: Public Health Agency of Canada
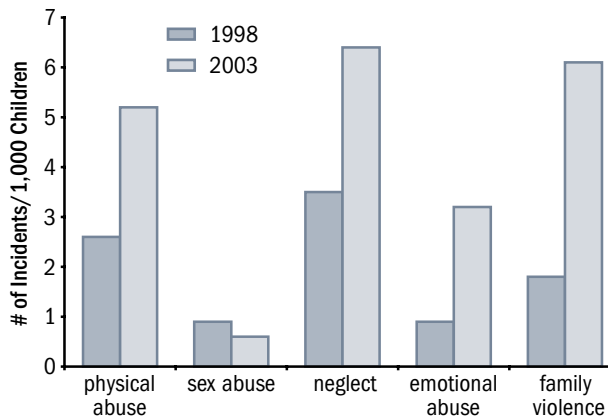
a result, the Ministry currently has no process in place to assess Societies' compliance with ORAM requirements and consequently does not know whether children are being appropriately placed or receiving similar services in similar situations.

In addition, observers in the area of child-welfare risk assessment consistently note that the imposition of a standardized risk-assessment system has the effect of erring on the side of caution, thereby increasing the number of children deemed to be in need of protection.

We were advised by our academic expert that, in many other jurisdictions, deficit-based models similar to the ORAM are giving way to a more balanced means of assessment, often characterized as a "strength-based" model. This form of assessment still considers the risk factors for a child or family, but it also highlights what a family is able to achieve and what strengths the Society can draw upon from the extended family or the community. These strengths can often be used to provide care and support while requiring less formal and costly intervention from the child welfare authority. Both Alberta and New Zealand have successfully adopted such approaches, and we understand that Ontario is heading in the same direction. For example, we understand that, subject to a Minister's Regulation, Ontario intends to provide for differential responses

for lower-risk cases by spring 2007. Such responses are to employ strength-based assessments that include consideration of participation in a child's protection by his or her relatives and members of his or her community.

RECOMMENDATION 2

In order to ensure that Children's Aid Societies are providing similar services in similar situations and making appropriate decisions in assessing children's needs, the Ministry of Children and Youth Services should:

- re-institute a child-protection-file review process similar to the one in place during 2002 and 2003 that assessed compliance with the requirements of the Ontario Risk Assessment Model; and
- given the trend in other jurisdictions, consider adopting a strength-based assessment model as soon as is practical and monitor and evaluate its effectiveness.

Service-and-financial-data Review

Both of the Society funding frameworks in place since the time of our last audit used caseload data in whole or in part as a determinant of the funding provided to each Society. It is therefore essential, in order to ensure that funding decisions are properly based and supported, that the Societies' reported caseload data are complete and accurate.

At the time of our last audit in 2000, the Ministry had established a pilot review process for the service and financial data reported by Societies. However, necessary policies and procedures for these reviews, including those concerning their frequency, sample size, and selection process, had not been finalized. Our review of the guidelines for service-and-financial-data reviews developed by the Ministry since our last audit, as well as of a sample of completed reviews, found that the process

was still insufficient to ensure that the caseload data used for funding purposes were complete and accurate, bringing into question whether the society-funding process was operating reliably. For example:

- Ministry guidelines did not require testing of data on residential days of care, which account for approximately half of each Society's total funding. Two of the three regional offices we visited did not test these data. Our own testing of residential-days-of-care data found a number of errors. For example, we noted at one Society that 4,730 free days of care (care generally paid for under other programs) were incorrectly reported under the Regular Foster Care category. This led to the Society receiving $320,000 to which it was not entitled under the funding framework.

- Ministry guidelines did not require, and the service-and-financial-data reviews conducted in one regional office did not ensure, that summary listings from which samples were selected for testing agreed with the data reported to the Ministry for funding purposes.

- Ministry guidelines did not require, and the service-and-financial-data reviews did not result in, additional testing or extrapolation when errors were found. Thus, no work was done to determine the most likely impact of the errors on funding. In fact, most of the errors noted by the Ministry in the service-and-financial-data reviews we reviewed did not result in changes to the determination of eligible funding but may have done so if additional follow-up work had been performed.

We also noted that the Ministry instructed its regional offices to suspend service-and-financial-data reviews for the 2005/06 fiscal year. The Ministry advised us that this was done because each regional office conducted its reviews differently and for different periods of the year. However, we also found that two of the regional offices we visited had conducted no such reviews for some

of their Societies in 2004/05, a year before the Ministry suspended these reviews.

RECOMMENDATION 3

In order to ensure that caseload data on which funding levels are based are reliable, the Ministry of Children and Youth Services should consider requesting that Children's Aid Societies provide independent audit assurance on their reported caseload and service data. (Since the financial statements of Societies are already independently audited, the costs associated with this additional audit assurance should not be significant.)

Alternatively, if this option is considered not cost-effective, service-and-financial-data reviews by ministry staff should be regularly conducted. The work completed during such reviews should be sufficient and adequately documented to meet the objectives of the Ministry's funding framework.
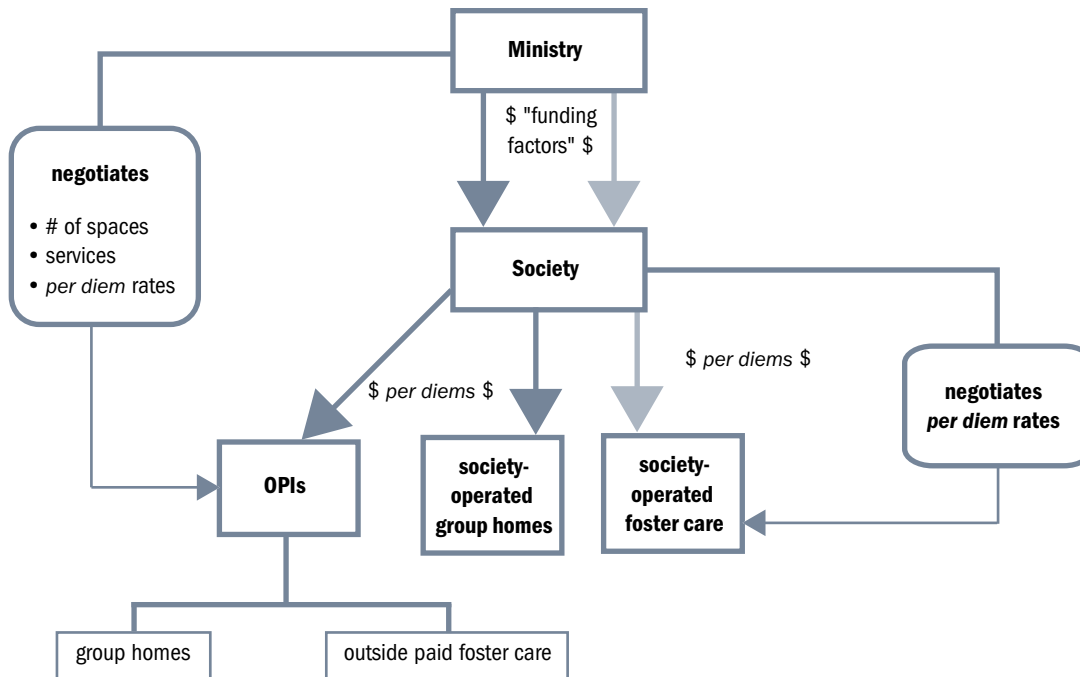
Per Diems for Residential Care

Societies pay *per diems* for various types of residential care, including:

- care provided by Outside Purchased Institutions (OPIs), which are individual agencies that the Ministry contracts with for placing children in group homes or foster families that have contracted with an OPI ("outside paid foster care");
- care provided by society-operated group homes; and
- care provided by society-operated foster-family homes.

Societies receive funding from the Ministry to pay these *per diem* costs. Specifically, each individual society is assigned its own "funding factors" by the Ministry—one to cover the *per diems* of society-operated foster care and another to cover the *per*

Figure 8: Funding and Payment for Residential Care
Prepared by the Office of the Auditor General of Ontario

diems of all other residential care. Figure 8 is a schematic representation of the flow of funding and the relationships between the Ministry, Societies, and residential-care providers. In the following sections, we comment on specific aspects of this residential-care funding framework.

Group Homes and Outside Paid Foster Care

Each individual Society's 2005/06 funding factor for group homes and outside paid foster care was based on its total actual 2003/04 costs for such care, plus 3%, divided by the number of paid days in that year.

In addition, the Ministry negotiates directly with OPIs for the number of spaces to be made available to the Societies, along with the *per diem* rates, and it negotiates these irrespective of funding for a Society. Societies may place children with any OPI that has successfully negotiated an agreement with the Ministry. The agreement terms, including the *per diem* rates, are generally in effect until such time as an OPI requests a change in rates.

Since the funding-factor formula does not take into consideration the negotiations the Ministry conducts with OPIs to arrive at *per diems*, funding factors will not match the *per diems*. In fact, funding factors are generally lower than the higher-cost *per diems* for both OPI and society-operated group homes. Figure 9 demonstrates this: it indicates for a sample of Societies in three different regions the range of funding factors, from highest to lowest, given to individual Societies, and it compares this range to the range of *per diems*, from highest to lowest, paid by the Societies in our sample to different kinds of residential-care operators.

Our concerns with respect to this process are as follows:

- In most cases, there was little or no documentation on file to illustrate how the Ministry assessed the appropriateness of *per diem* rates paid to operators. In most cases, the rates were only compared in a general way to rates paid to other similar operators in the area. With rates fluctuating by as much as 30% to 40%, significantly higher rates warranted

Figure 9: Funding Factors vs. *Per Diems*, Group and Outside Paid Foster Care, 2005/06

Source of data: Ministry of Children and Youth Services

	Region		
	#1	**#2**	**#3**
Funding Factor (Ministry Pays to Society) ($/day)			
high	199	230	182
low	156	167	174
average of all Societies reviewed	175	200	177
***Per Diem* for OPI Group Home (Society Pays to Operator) ($/day)**			
high	238	263	231
low	217	218	211
***Per Diem* for Society-operated Group Home ($/day)**			
high	274	376	n/a*
low	136	309	n/a*
***Per Diem* for Outside Paid Foster Care (Society Pays to Operator) ($/day)**			
high	115	137	133
low	110	92	106

* Societies in this sample did not operate any group homes.

investigation to ensure that the higher *per diems* were justified.

- In most cases, the Ministry did not enter into written agreements with the operators detailing the specific services to be provided for the approved *per diem* rates.
- *Per diem* rates among operators varied significantly, in part because of the range of services provided by individual operators. However, Societies were only advised by the Ministry of the number of spaces available to them and the *per diem* cost—not the services to expect for the amounts charged.
- Operators do not provide any information with respect to actual costs incurred—such information could be used to assess the reasonableness of the *per diem* rates paid.

We were advised that the Ministry does not monitor operators to ensure that they actually deliver the services they agreed to when negotiat-

ing their rates with the Ministry. One Society did conduct its own monitoring and advised us that one operator reduced the number of hours of therapy to be provided for the approved *per diem* rate from 65 to 30 hours per month without obtaining ministry approval. We were further informed that this operator also offered the required hours at an extra charge above the base *per diem* rate. In another case, the same Society found that another operator failed to deliver individual counselling to children in its care as it had undertaken to do.

We also noted that the *per diem* rates for outside paid foster care are significantly lower than for group care. Since the number of children placed in OPI group homes, society-operated group homes, and outside paid foster care, respectively, varies from one year to the next, there is a risk that simply using previous outside-paid-foster-care costs to calculate the funding factor can result in Societies being either overfunded or underfunded in any one year.

RECOMMENDATION 4

To ensure that *per diem* rates paid to Outside Paid Institutions (OPIs) are reasonable and the contracted services are actually received, the Ministry of Children and Youth Services should:

- establish appropriate requirements for assessing and documenting the reasonableness of *per diem* rates paid to OPIs and ensure that higher-than-normal *per diems* are justified;
- enter into formal agreements with each OPI that detail the respective rights and responsibilities of both the Ministry and the OPI; and
- ensure that Children's Aid Societies are aware of the specific services they can expect for the *per diem* rates and assess whether Societies are ensuring that the services being paid for are actually being received.

Society-operated Foster Care

Societies may place children directly into one of three types of foster-care homes:

- regular foster care;
- specialized foster care for children with de-velopmental, emotional, or medical needs; and
- treatment foster care for children requiring intensive care such as behaviour modification treatment.

Until 2002/03, provincial *per diems* paid to each Society for each type of placement were as shown in Figure 10.

After 2002/03, the Ministry changed its funding formula for foster care several times until 2005/06, when it established with each Society a separate funding factor just for the above three types of society-operated foster care. The funding factor was determined based on each Society's total actual 2003/04 cost for foster care, plus 3%, divided by the total number of paid days in that year. Additional funding was also available for service volumes above a predetermined threshold.

In turn, Societies negotiate rates directly with foster families. As with other types of residential care, given that the calculation for the funding factor is independent of the negotiations the Societies conduct with foster families to arrive at *per diems*, funding factors do not correlate exactly with *per diems*. Figure 11 demonstrates this: it indicates for three different regions the range of funding factors, from highest to lowest, given to a sample of individual Societies, and it compares this range to the range of *per diems*, from highest to lowest, paid by

Figure 10: *Per Diem* Rates for Society-operated Foster Care Until 2002/03
Source of data: Ministry of Children and Youth Services

Type of Care	*Per Diem* Rate
Regular	$32.20 per day
Specialized	$49.76 per day
Treatment	$67.64 per day

Figure 11: Funding Factors vs. *Per Diems*, Society-operated Foster Care, 2005/06
Source of data: Ministry of Children and Youth Services

	Region		
	#1	#2	#3
Funding Factor (Ministry Pays to Society) ($/day)			
high	42.28	44.88	49.55
low	35.32	35.46	46.97
average of all societies reviewed	39.71	39.46	48.31
***Per Diem* for Regular Foster Care (Society Pays to Family) ($/day)**			
high	41.14	36.47	40.83
low	30.65	30.05	33.85
***Per Diem* for Specialized Foster Care (Society Pays to Family) ($/day)**			
high	60.94	47.56	57.53
low	41.61	37.48	45.84
***Per Diem* for Treatment Foster Care (Society Pays to Family) ($/day)**			
high	71.04	84.01	86.29
low	62.33	49.45	68.07

the Societies in our sample to families for the different kinds of foster care.

We noted that, in general, the *per diem* rates for society-operated foster care are approximately half the rates for outside paid foster care. This can be seen in comparing the rates in Figure 12 with Figure 11's Region #3 *per diems* for the three types of foster care.

We also noted significant differences between the highest and lowest *per diem* rates within and between the three regional offices we visited. The Ministry was unable to explain the merits or appropriateness of these differences. In addition, the Ministry's funding formula was based on average *per diem* costs of all types of foster care. Since specialized and treatment foster care is significantly more expensive than regular foster care, simply using previous regular-foster-care costs to calculate foster-care funding may result in funding factors that are inadequate to cover the *per diem* expenses

Figure 12: *Per Diem* Rates for Outside Paid Foster Care in Region #3, 2005/06

Source of data: Ministry of Children and Youth Services

Type of Foster Care	Highest Rate ($/day)	Lowest Rate ($/day)
Regular	90.00	74.18
Specialized	137.59	97.66
Treatment	173.00	80.00

Note: The highest and lowest rates do not match Figure 9's high and low *per diems* for outside paid foster care for Region #3. The reason is that Figure 9's rates are based on only *a sample of* Societies in the region, while the data for Figure 12 are based on *all* Societies in the region.

of Societies with a large number of children requiring specialized and treatment foster care or with a significant increase in the number of children requiring such care in any one year.

RECOMMENDATION 5

To ensure that *per diem* rates paid to all foster families are reasonable, the Ministry of Children and Youth Services should assess the reasonableness of the variances in *per diem* rates paid to foster families for similar care, both within and between regional offices. In addition, to ensure that Children's Aid Societies with a large number of children requiring more expensive specialized and treatment foster care receive the funding they need, the Ministry should consider adjusting the funding formula for foster care as needed for Societies with legitimately higher *per diem* foster-care costs.

Quarterly Reporting

In order to monitor Societies' in-year progress against caseload and financial-expenditure targets, Societies were required, up to March 31, 2005, to submit quarterly reports that compared total actual spending to budgeted expenditures, by category (such as wages, benefits, and travel),

and also included caseload data. As part of the reporting process, Societies were also required to identify significant variances and propose appropriate action plans to reduce them. The first three quarterly reports were due 30 days after the end of the quarter and the fourth was due 45 days after the end of the year. Our review of a sample of quarterly reports at the three regional offices we visited found the following:

- In general, quarterly reports were submitted on a timely basis.
- Where Societies identified significant variances, they did not in most cases provide sufficient detail to identify the reasons for the variances or propose action plans to deal with them.
- In two of the three regional offices we visited, there was little evidence that ministry staff reviewed the quarterly reports or followed up with Societies to ensure any necessary corrective actions were taken.

In the 2005/06 fiscal year, new reporting procedures were introduced whereby Societies were required to submit revised quarterly reports that compare total baseline funding to year-end forecast expenditures. However, the revised quarterly reports do not require that:

- Societies provide a year-to-date actual-to-budget comparison;
- Societies identify or explain the reasons for variances, or propose any necessary corrective actions; and
- the Ministry's regional offices review the reasons for variances, assess the need for corrective action, and follow up with Societies to ensure corrective actions are taken (which is especially important given that the Ministry funds all deficits).

RECOMMENDATION 6

To more effectively monitor the in-year perform-
ance of Children's Aid Societies and identify the
need for corrective action on a timely basis, the
Ministry should:

- revise the quarterly reporting process to
  compare actual performance to date against
  approved budgets and provide related
  caseload data;
- require that Societies identify and explain
  the reasons for significant variances and pro-
  pose corrective action; and
- follow up with Societies to ensure that the
  necessary corrective action is taken.

Annual Program Expenditure Reconciliation

Until March 31, 2005, each Society had to submit
to the Ministry a year-end reconciliation of its eligi-
ble expenditures with the funding provided by the
Ministry. The reconciliation had to be submitted to
the Ministry with an audited financial statement
no later than four months after the end of the fiscal
year. The Ministry had to review and approve the
reconciliation within 12 months of the end of the
fiscal year and recover any identified surplus within
24 months.

For the 2005/06 fiscal year, new reporting
procedures require that Societies submit to the
Ministry a year-end reconciliation, including
audited financial statements. However, the detailed
requirements were still under development at the
end of our audit.

We reviewed a sample of reconciliations submit-
ted by Societies for 2004/05 and found that all rec-
onciliations and audited financial statements were
submitted within the required time frame. How-
ever, our review of the reconciliation process found
that it was ineffective for the following reasons:

- For all reconciliations reviewed, the accom-
  panying audited financial statements lacked
  sufficient detail for the Ministry to effectively
  identify ineligible expenditures and confirm
  the accuracy of the reported surplus or deficit.
- The Ministry did not contact or regularly meet
  with the Societies' external auditors to review
  areas of potential concern requiring further
  follow-up to be resolved cost effectively.

We have noted similar concerns with respect
to reconciliations in our previous audits of the
Ministry.

RECOMMENDATION 7

To ensure that the new reporting procedures
will identify and recover any ineligible expendi-
tures and surplus funding, the Ministry of Chil-
dren and Youth Services should:

- ensure that year-end reconciliations and
  accompanying audited financial statements
  contain sufficiently detailed information to
  identify ineligible expenditures and surplus
  funding; and
- provide a template or other guidance to
  Children's Aid Societies and their auditors
  outlining the required format for financial
  statements and including explanatory notes
  and schedules.

OVERSIGHT OF SERVICES

Risk Assessment

As noted earlier, the Ministry introduced a stand-
ardized intake risk-assessment model in September
1998, called the Ontario Risk Assessment Model
(ORAM). Significant benefits of the ORAM were to
include a higher degree of consistency across the
province in assessing children's needs and improved
accountability.

Figure 13: ORAM's Risk Decision Points

Source of data: Ministry of Children and Youth Services

1. Does case meet eligibility requirements for child-welfare services?

2. What is the response time?

3. Is the child safe now?

4. Are child protection concerns verified?

5. Is the child in need of protection?

6. Is the child at risk for future abuse or neglect?

7. What other assessment issues must be considered to inform the plan of care?

8. What is the plan of service for the child and family?

9. Does the case continue to meet eligibility requirements for child protection service?

10. Have assessments changed?

11. Should the plan of service be modified?

As illustrated in Figure 13, there are 11 risk decision points in processing a child-welfare case under the ORAM, which essentially comprises three tools: the eligibility spectrum, to determine whether or not a case meets eligibility for a child protection intervention; the safety assessment, to determine the immediate safety of the child/children in their biological home; and the risk assessment tool, used to determine the level of risk of harm to the child/children in their home.

Answers to these risk decision points play a critical role in a number of ways and would be expected to help ensure that:

- the most intensive placement resources are reserved for the children most in need;

- all children's needs are ultimately matched with the best available resources and the most appropriate services that the system can offer; and

- costs of necessary services are minimized, because, for example, a child at lower risk can be protected with lower-cost services that are also less intrusive.

Although the Ministry had conducted service-and-financial-data reviews at Societies up to 2004/05, the primary purpose of these reviews was to ensure that cases were correctly reported for quarterly-reporting and funding purposes. These reviews were never intended to assess either compliance with the ORAM or the appropriateness or consistency of the decisions made. In the absence of any other reviews, therefore, the Ministry cannot be assured that children are receiving the most appropriate services for their needs.

One of the few studies in the Ontario child-welfare field to address this issue, published by the Ministry in 2004, found that overall, as expected, the highest-risk children were more frequently found in the most intensive services, while lower-risk children were more likely to receive regular services through the foster or group-home system. Those cases where lower-risk children were placed in more intensive services generally reflected the lack of appropriate space within the range of services available to a Society at the time children entered care.

RECOMMENDATION 8

To ensure that children's needs are being consistently assessed across the province and that all children in need of protection are matched with the most appropriate resources, a periodic review—by either staff of the Ministry of Children and Youth Services or a contracted external expert—should be conducted of a sample of case files at the Children's Aid Societies to assess the appropriateness and consistency of placement decisions.

Children's File Reviews

In the past, the Ministry has reviewed files on specific categories of children to assess the appropriateness of placement decisions and the quality of

care. We examined the Ministry's oversight with respect to three of these categories of children: Crown wards, non-Crown wards, and children receiving protection services.

Crown Wards

When a court order designates a child as a Crown ward, all parental rights and responsibilities are terminated and a Society assumes responsibility for the child. At December 31, 2005, there were approximately 9,400 Crown wards in Ontario.

The *Child and Family Services Act* requires that the Ministry review annually the status of every child who has been a Crown ward in the preceding 24 months and to report the results of these reviews to the appropriate Society. Crown-ward reviews examine compliance with regulatory service requirements, including assessment of the adequacy of the child's plan of care and the child's placement.

When the Ministry identifies instances of non-compliance with regulatory requirements, it must issue a directive to the Society, which must comply within 60 days and advise the Ministry of its compliance. Non-compliance with less serious non-regulatory requirements may result in a directive, but more commonly, the Ministry will issue a recommendation for compliance. Although recommendations may eventually lead to directives, Societies are required neither to act on recommendations nor confirm to the Ministry that they have taken action to address the recommendations.

During 2005, the Ministry conducted 5,190 Crown-ward reviews. The results of these reviews were as shown in Figure 14.

The Ministry's annual review consists of a review of the Society case files, completion of a questionnaire, and an interview with the Crown ward if requested by the child. Our review of a sample of ministry Crown-ward-review files found the following:

Figure 14: Results of Crown-ward Reviews, 2005

Source of data: Ministry of Children and Youth Services

	# of Cases
full compliance	4,534
directives and/or recommendations issued	569
some less significant non-compliance and no directives and/or recommendations issued	87

- In about 10% of the files we examined, the Ministry issued recommendations for non-compliance with regulatory matters instead of the required directives. For example, one file showed a child's plan of care did not meet the child's needs. It was noted in the file that the plan of care contained no goals and the Society needed to pay more attention to the development of time-targeted, child-specific, and measurable outcomes to address the child's needs. Since only a recommendation was issued in this case, the Society was not required to either address this concern or inform the Ministry of action taken, if any.
- We also found that, in many files, the same concerns were repeatedly raised year after year. For example, in over half of the files we reviewed, recommendations issued in one year were repeated in the next.
- In over 15% of the files we reviewed, we found issues that should have been carried forward either as directives or recommendations but were identified as neither. For example, one file noted that a child's plan of care needed to be enhanced to include specific goals and to address cultural, religious, and other needs. However, there was no directive or recommendation issued to enhance the plan of care.
- About 30% of the files we reviewed contained contradictory information. For example, one ministry file noted that the plan of care did not address the child's cultural issues and should be enhanced. Yet the review question

asking if "cultural needs were addressed" was answered with a "yes."

In addition, none of the files we reviewed contained any evidence of supervisory review and approval by the supervisor of the Crown-ward-review team to ensure consistent and appropriate completion of the Crown-ward reviews.

RECOMMENDATION 9

To ensure that care and services provided to Crown wards are appropriate and in compliance with regulatory requirements, the Ministry of Children and Youth Services' review of Crown-ward files should assess whether:

- appropriate directives or recommendations have been issued for all instances of non-compliance with program regulations or other requirements;
- directives and recommendations have been followed up; and
- files have been reviewed and approved by supervisors.

Non-Crown Wards

Non-Crown wards are children in residential care who have not been declared Crown wards by the court, which means that parental rights and responsibilities have not been terminated. At December 31, 2005, there were 9,100 non-Crown wards.

The *Child and Family Services Act* does not specifically require that the Ministry monitor pro-

gram delivery for non-Crown wards. However, since the requirements of the Child Welfare Services Program apply equally to Crown wards and non-Crown wards, we recommended in our 2000 audit of the Child Welfare Services Program that the Ministry regularly review non-Crown-ward files to ensure that children receive appropriate services that meet their needs and comply with program requirements. We were pleased to note that, subsequent to our last audit in 2000, the Ministry implemented annual reviews of a sample of non-Crown-ward files. In 2003, the Ministry expanded these reviews to include child-protection files at all Societies.

The Ministry visited all Societies for these reviews and randomly sampled 10% of the non-Crown-ward files. The Ministry's summary of its review results from 2000 to 2002 is shown in Figure 15 (the Ministry did not summarize the results of its 2003 non-Crown-ward reviews).

Ministry review reports identified the need for improvement in the following key areas:

- Plans of Care—Reviewers noted a significant number of concerns related to plans of care, including late completion of plans of care, lack of supervisory review and approval of plans, and the failure of plans to address children's specific needs. A significant proportion of the total directives dealt with plans of care. In 2000, 293 directives, or 28% of the total, were issued regarding plans of care. In 2001, there were 407 directives dealing with plans, or

Figure 15: Results of Ministry Review of Non-Crown-ward Files, 2000–02
Source of data: Ministry of Children and Youth Services

Year	Cases Reviewed	Non-compliance Cases	Directives Issued	Average Number of Directives Per Case Reviewed	Average Number of Directives Per Non-compliance Case
2000	695	410 (59%)	1,049	1.5	2.6
2001	1,024	479 (47%)	1,313	1.3	2.7
2002	1,150	454 (39%)	1,286	1.1	2.8

Figure 16: Results of Ministry Review of Child Protection Files, 2003

Source of data: Ministry of Children and Youth Services

Ministry Standards and Requirements	Cases Where Requirement Applicable	Cases Not in Compliance	Rate of Non-compliance (%)
Child Abuse Register results recorded within 3 days of receiving report of alleged abuse	205	123	60
full protection investigation completed and documented within 30 (or, by exception, 60) days	1,408	730	52
verification decision, supporting reason, and supervisory approval, documented within 30 (or, by exception, 60) days	1,392	700	50
eligible case of verified abuse reported to Abuse Register within 40 days of verification decision	91	76	83.5
Plan of Service documented within 60 days	1,160	725	62.5
Specific measurable outcomes to reduce risk and promote well-being	1,247	293	23.5

31% of the total, and 425 directives, or 33% of the total, in 2002.

- Permanency Planning—Permanency planning is planning for the permanent care of a child or youth in order to ensure that care is effective and provides both psychological and legal continuity. Permanency-planning documentation was unclear in 25% of the cases in 2000, in 21% of the cases in 2001, and in 16% of the cases in 2002.

As of December 31, 2003, the Ministry discontinued reviews of all non-Crown-ward and child-protection files. Given that the Ministry identified many areas of concern during the time these reviews were conducted and given that the Ministry has an oversight responsibility, we question the decision to discontinue these reviews.

Children Receiving Protection Services

In 2003, the Ministry's corporate review team visited every Society and randomly sampled 5% of all the open child-protection files (that is, the files on children then receiving child-protection services) at each Society. The team reviewed 1,632 child-protection cases and issued a total of 8,380 directives, or an average of 5.1 directives per case.

The Ministry's summary of the 2003 review results showed many areas of non-compliance, as noted in Figure 16.

RECOMMENDATION 10

To ensure that care and services provided to non-Crown wards and children receiving protection services are appropriate and in compliance with program requirements, the Ministry of Children and Youth Services should:

- reinstate regular reviews of both non-Crown-ward and child-protection files;
- communicate all instances of non-compliance with program requirements to the Children's Aid Societies and ensure that corrective action is taken in a timely manner; and
- consider providing Societies with information on the most common areas where improvements are required, as well as guidance on how to address those areas.

Licensing of Children's Residences

Licensing provisions for children's residences are established by legislation and regulation, and are

intended to ensure that minimum standards of care are provided to children in residential care.

Children's residences and foster-care operators must apply annually for licence renewals, and they must do so prior to the expiry date of current licences. Provided that the applicant has completed and submitted an application for renewal, a licence past its due date is deemed to continue until the request for renewal has either been granted or denied.

The Ministry conducts annual licensing inspections, using the licensing checklist supported by the Children's Residence Licensing Manual and the Foster Care Licensing Manual it developed to facilitate the process. These manuals specify policies on the number of children's, staff, and foster-parent files to be reviewed, the number of children's, staff, and foster-parent interviews to be conducted, and the procedures to be used in reviewing an operator's policies and procedures.

Our review of a sample of licensing files noted that over 30% of them lacked the documentation required to support the issuing of a licence. Concerns noted included the following:

- For half of the files reviewed, we found that the number of licensing interviews and/or number of files reviewed did not meet the minimum numbers required by the Ministry's own policies. For example, 52 child files should have been reviewed in one file, according to the Ministry's policies, but only 28 were. Similarly, 68 children should have been interviewed, but only 11 were. In addition, there was no documentation in the file to explain this deviation from the requirements.
- For almost half of the files reviewed, there was no documentation of the number of children in care, the number of staff hired, and/or the number of approved foster homes. Accordingly, it would not be possible to determine whether there was compliance with policies in this regard based on a review of the file.

- We found one licensing report that indicated that 50 foster parents were interviewed—but only one completed interview checklist was found in the file.
- In more than 80% of the files reviewed, we found that the Ministry issued the renewal after the expiry of the previous licence. The average delay between expiry and renewal was 26 working days, an improvement from the average of 63 days noted in our last audit.

In nearly half the files reviewed, we also found that the Ministry had not ensured that the necessary corrective actions were taken to address instances of non-compliance identified during licensing inspections. At one regional office, 24 non-compliance issues were identified in a file, with half of these repeated for two consecutive years. Some of these non-compliance issues included inability to confirm that all required criminal reference checks were conducted, unavailable documentation to determine if the number of children placed in the residence exceeded the licensed capacity, and weaknesses in plans of care for some children. In the two years following the identification of non-compliance, the Ministry requested from the operator only a written confirmation stating all issues had been addressed. The Ministry then issued licence renewals.

In addition, we interviewed a number of licensing staff during our audit and found that 70% indicated they had received no formal training with regard to the *Child and Family Services Act*, licensing procedures, and interviewing techniques. They told us they believed training in these areas would be useful.

RECOMMENDATION 11

To help ensure that residential-care operators provide minimum acceptable standards of care to children, the Ministry of Children and Youth Services should:

- conduct licensing inspections and renew licences prior to expiry;
- ensure that the licensing inspection process is conducted and appropriately documented in compliance with ministry policies;
- ensure that timely corrective action is taken to address non-compliance issues identified during licensing inspections; and
- provide periodic formal training to licensing staff.

Reporting of Serious Occurrences

All service providers are required to report incidents such as serious injuries, assaults, physical restraints, or other physical abuse of children in care to the Ministry within 24 hours of the occurrence. When they receive such reports, regional offices document the particulars in an initial notification report. Within seven working days of the initial serious-occurrence notification, the service providers must submit a written follow-up report to the Ministry detailing the corrective actions taken and the outcome of the case. The Ministry must review the report and follow up where necessary.

Our review of a sample of serious-occurrence files at three regional offices found that reporting requirements were not always being followed. For example:

- In almost half the files we reviewed, the initial notification reports were not filed within the required 24 hours. On average, they were filed 10 working days late.
- In about one-sixth of the files we reviewed, the follow-up reports were not filed on a timely basis; on average, they were about 100 working days late.

In addition, in about 10% of the files we reviewed, case outcomes were unclear from the reports filed by the service providers, but there was no documented evidence of ministry follow-up. At one regional office we visited, we found that in 75% of the files we reviewed, there was no documented evidence to indicate that ministry staff either reviewed the reports they received or evaluated the appropriateness of actions taken.

In addition to having to report serious occurrences within 24 hours, service providers are required to file an annual summary-and-analysis report to the Ministry by the end of each January about serious occurrences for the previous calendar year. Under ministry requirements, the Ministry is to review the report to analyze the service provider's management of serious occurrences and to identify possible training needs, internal policy modifications, or follow-up actions that the service providers must take. In cases where follow-up actions are required, the service provider must submit an outcome report to the Ministry upon completion of the identified actions.

Our review of a sample of the annual summary-and-analysis reports at three regional offices found that at two of them, we could find no documented evidence that the offices reviewed the annual summary-and-analysis reports and followed up on any unusual trends. In the case of one service provider, for example, the late filing rate for the initial notification reports was left blank in its 2004 annual summary-and-analysis report. However, there was no evidence to indicate that the regional office followed up on this issue, and in the 2005 annual summary-and-analysis report, the same service provider reported that the initial notification reports were submitted late 72% of the time.

RECOMMENDATION 12

To ensure that all serious occurrences are appropriately dealt with, the Ministry of Children and Youth Services should ensure that:

- all serious-occurrence reports are submitted on a timely basis and all necessary follow-up actions are taken by the service provider; and
- it reviews all annual summaries and service reports from service providers and takes the required follow-up action where necessary.

RECOMMENDATION 13

To help identify areas of concern regarding service delivery and compliance with ministry policies, the Ministry of Children and Youth Services should require that Children's Aid Societies:

- maintain information on complaints; and
- annually report the number and types of complaints and how they were resolved.

Complaints

Under the Act, each Society is required to establish a written procedure for hearing and addressing complaints. In most cases, people complaining to the Ministry are given information about the Society's complaint procedures and advised to contact the relevant Society directly.

We found that none of the three regional offices we visited had any system to track complaints. In addition, the Ministry does not request detailed complaint information from the Societies. As a result, the Ministry cannot perform any analysis on complaints received by Societies.

We noted that, under the new annual reporting process, Societies must report to the Ministry the number of complaints reviewed by their executive directors and/or boards of directors during the previous fiscal year, and how they were resolved. However, our review of this information found that it was insufficiently detailed to enable the Ministry to perform useful analysis on complaints. Neither the total number and types of complaints, nor the stage at which complaints were resolved, are being reported. We obtained complaint statistics from three Societies and found that the executive director and/or board of directors reviewed on average only 5% of all complaints. We found two other Societies that maintained no complaint statistics at all.

Performance Information and Effectiveness Reporting

Our last audit of the Child Welfare Services Program in 2000 noted that the Ministry did not have any performance measures in place to assess the effectiveness of services provided under the program. In particular, no information was collected to assess performance in areas such as the quality of care provided, progress of children in care, and rate of recurrence of maltreatment. Recognizing the need to develop outcome measures, the Ministry adopted a nationally developed outcome measurement framework, referred to as the Child Welfare Outcomes Indicator Matrix. The 10 indicators in the matrix were designed to track the effect of child-welfare services in terms of child safety, child well-being, permanence, and family and community support.

A ministry pilot project was conducted in 2000/01 to collect data on three of these 10 indicators (recurrence, placement rates, and number of moves in care). The Ministry found that the results were encouraging but nonetheless indicated the need for a well-co-ordinated province-wide information system to gather credible outcome data. The pilot project found that Societies had the technical capacity to report on five of the 10 key indicators without changing their current information systems. Although Societies collected information on the other five remaining

indicators, this information was generally not accessible in their data systems. There exists no one single province-wide information system to produce standard reporting to facilitate policy planning and program delivery and assess the effectiveness of services provided.

The Ministry said at the time of our last audit in 2000 that it was planning to develop a comprehensive system to collect and summarize data from all Societies. However, we were informed during this audit that the system was never developed due to a lack of funds. Thus, now, as in the previous audit, the current multiple information systems do not provide province-wide standardized information in areas such as:

- types of reported and investigated maltreatment;
- age and gender of children receiving services;
- the proportion of children receiving services who are taken into care;
- the number of placement changes; or
- the proportion of children who received services and have since been victimized again.

We understand that the Ontario Association of Children's Aid Societies, as part of the Child Welfare Transformation Agenda, is designing and developing a new web-based child-welfare information system (the Single Information System) that will assist in case and workload management, and support the information needs of the Child Welfare Outcomes Indicator Matrix, described earlier, in assessing the effectiveness of services. We also understand that the Ministry intends to pilot the system in three sites beginning in January 2007.

However, if the system is to be cost effective and widely adopted by all Societies (especially the smaller Societies), the Ministry must meet the challenge of ensuring that the system is both user friendly and sufficiently comprehensive to meet the needs of both the Societies and the Ministry. In 2008, we will follow up to assess the progress made in implementing the province-wide information system.

MINISTRY OF CHILDREN AND YOUTH SERVICES RESPONSE

The Ministry of Children and Youth Services (Ministry) welcomes the observations and recommendations of the Auditor General and is committed to making continuous improvement in the delivery of the Child Welfare Services Program. In keeping with the Auditor General's recommendations, the Ministry will focus this response on the areas of accountability, quality, and financial management.

With respect to accountability, the Auditor has recommended improvements to ministry accountability processes, including the need to reinstate children's file reviews (recommendations 2 and 10) and enhance client complaints processes (Recommendation 13). The Ministry will strengthen its overall accountability framework for the delivery of child-welfare services

and ensure that effective monitoring and review processes are established.

To this end, specific measures to improve accountability related to child protection have been taken:

- In February 2006, a Minister's Regulation was implemented across all Children's Aid Societies (Societies) requiring them to complete more timely and comprehensive background and criminal reference checks for caregivers (for example, family/community members) in out-of-care kinship arrangements.
- The Child Death Reporting and Review Directive, issued March 31, 2006, requires that Societies report all child deaths to the Office of the Chief Coroner, which has lead

responsibility for the analysis of child death, dissemination of recommendations, and production of an annual report. Protocols between the Ministry and the Coroner will ensure that recommendations are addressed and will support appropriate program development.

The Ministry recognizes that further work is needed to improve accountability and will undertake the following:

- The Ministry is developing an accountability framework for child-welfare services, which will be ready for implementation by April 2007. The framework will clarify ministry and society roles and responsibilities, require that Societies have specific accountability measures in place, and identify the review mechanisms that will assess services delivered to children in the care of Societies, including Crown wards.

- Consistent with the Auditor's findings on client complaints, effective June 2006, Societies must report quarterly on the number and types of formal complaints received, their current status, and their resolution rates. This information will facilitate ministry analysis and follow-up with Societies. With proclamation of Bill 210 expected in November 2006, a standardized client, complaints process will be implemented by all Societies. The new process, which includes stringent time frames for response and client recourse through the Child and Family Services Review Board, will improve Society accountability for resolution of complaints.

With respect to quality, the Auditor recommends implementation of a strength-based intake risk-assessment model (Recommendation 2) and improvement of the ministry licensing process (Recommendation 11). The Ministry agrees that risk-assessment tools and effec-

tive licensing are critical to improving both outcomes for children and service quality.

In line with the Auditor's recommendation, the Ministry has developed, in partnership with the child welfare sector and experts at the University of Toronto, a strength-based risk-assessment model, similar to those used by other jurisdictions. The new model and related tools include requirements for more rigorous documentation of supervisory review and approvals.

To further improve quality assurance, the Ministry will:

- pilot the new risk-assessment model in three Societies, beginning in January 2007, as part of the Single Information System (implementation of the model and related tools in all Societies will begin in April 2007);

- implement Phase 2 of the Automated Licensing Project—focusing on *Child and Family Services Act* licensing—beginning in January 2007, with completion by April 2007, in order to allow the Ministry to monitor the timing of licence renewals and the terms and conditions under which licences are renewed (consistent with the Auditor's recommendations, licensing staff will receive training on licensing requirements, procedures, and interviewing techniques to enforce compliance and standardization across regions); and

- implement, by spring 2007, the first phase of a web-based registry, which will provide key information on licensed residences, including licensed capacity and licensing status.

With respect to financial management, the Auditor identified issues regarding growth in child welfare expenditures and made recommendations to refine the current funding model to provide more appropriate base funding for Societies (Recommendation 1) and improve

financial monitoring and oversight (recommendations 1, 3, 4, 5, 6, and 7). Rising costs in child welfare relate to a number of factors, including service volume increases and other cost drivers, including salary settlements, legal services, and transportation and health expenditures. The Ministry is working with Societies to reduce the cost curve for child welfare through implementation of reforms, better cost management, and increased operational efficiencies.

The Ministry has taken the following steps to enhance financial management:

- A multi-year, results-based planning process has been implemented that requires Societies to develop an annual plan and report quarterly on projected service demands, resource requirements, and progress on specific ministry and society targets. Societies must identify and account for significant variances and propose corrective action where required.

- Following discussions with the Auditor's staff, the 2006/07 funding model was modified to base core funding on average expenditures over multiple fiscal years and to base cost-of-living increases on province-wide analysis and Ministry of Finance guidelines.

In support of the Auditor's recommendations, the Ministry commits to the following:

- The Ministry will develop tools, including standardized methodologies and templates, and provide necessary training to assist ministry regional offices and Societies to improve forecasting, financial management, and reporting. The tools will enable the Ministry to further conduct ongoing analysis of society expenditures.

- The Ministry will continue to work with Societies to implement cost-containment measures and identify efficiencies. In order to enhance consistency and reduce unit costs for residential services, the Ontario Association of Children's Aid Societies, in collaboration with the Ministry, is developing a shared-services model for procurement of Outside Paid Institution (OPI) beds, for approval as part of the OntarioBuys program. This model includes common approaches to assessment of OPIs, service agreements, reservation management, performance measurement, and training. Participating Societies would benefit from: optimized *per diem* rates, clarity about services covered by the rate, streamlined placement processes, and better matching of placements to children's needs.

The Ministry appreciates the opportunity to respond to the findings of the Auditor General and remains committed to improving the delivery of child-welfare services in Ontario.