

Community Accommodation Program

Follow-up on VFM Section 3.03, *2007 Annual Report*

Background

The Developmental Services Program of the Ministry of Community and Social Services (Ministry) funds community-based agencies that provide a broad range of services and support for both adults and children with a developmental disability. In the 2008/09 fiscal year, expenditures on this program were approximately \$1.5 billion (\$1.2 billion for the 2006/07 fiscal year), almost two-thirds of which went to the Community Accommodation Program to provide residential accommodation and support services for both children and adults with a developmental disability.

The Ministry's expenditures on the Community Accommodation Program at the time of our audit in 2007 were \$767 million, more than double what they were at the time of our previous audit of the program in 1999, and grew to approximately \$976 million for the 2008/09 fiscal year. The largest portion of these expenditures was for adult-group-home accommodation. Residential placements are based on the assessed needs of the individual and range from relatively independent living arrangements in apartment-like settings with regular agency support to intensive 24-hour-a-day, seven-day-a-week care in group homes typically

housing three to six individuals. However, access to residential services is limited by the availability of existing spaces, which are primarily dependent on ministry funding.

In our *2007 Annual Report*, we made a number of observations that were similar to those we had made in our 1999 audit. The most significant of these observations were as follows:

- For many years, agency funding has primarily been historically based rather than needs-based, which exacerbates funding inequities. Agency budget submissions lack the sufficiently detailed information required to make informed funding decisions, and there is little evidence that budget submissions have been reviewed and assessed for reasonableness. Many agencies did not receive their final approved budget until long after the fiscal year had ended.
- The annual budgeting process left the Ministry without the ability to monitor or compare information such as the average cost of spaces and services within a home. Costs at the agencies we visited ranged from \$30,000 to more than \$200,000 per person per year, according to our calculations. The Ministry was unaware of these cost differences and was unable to demonstrate that they were reasonable or justified.

- The Ministry lacked the necessary procedures and expertise to ensure that it is receiving value for money for the capital projects it funds, and some of the costs incurred seemed excessive. In one instance, it spent \$380,000 to renovate a bungalow that had been purchased for \$390,000—without assessing the need for and reasonableness of the renovation or receiving a proper accounting of the costs.
- There was often little documentation to support an individual's developmental disability determination or to demonstrate that the placement of an individual was appropriate and cost-effective.
- We noted a number of instances where beds remained vacant for six to 12 months. The Ministry's funding mechanism pays equally for vacant and occupied beds, leaving the agencies with little incentive to fill vacant beds. At the same time that beds in some agencies remained vacant for extended periods, those agencies' access centres had lengthy waiting lists for accommodations.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take action to address our concerns.

Status of Recommendations

According to information obtained from the Ministry of Community and Social Services and a review of work undertaken by the Ministry's internal audit division, some progress has been made in addressing most of our 2007 recommendations, but more needs to be done to address all areas satisfactorily. The status of action taken on each of our recommendations was as follows.

AGENCY GOVERNANCE AND ACCOUNTABILITY

Recommendation 1

To help ensure that transfer payments to agencies represent value for money spent and that services provided are effective and in accordance with program requirements, the Ministry of Community and Social Services and its transfer-payment agencies should adhere to the mandatory governance and accountability frameworks.

Status

The Ministry informed us that it was implementing an agency governance strategy that included a four-point plan as follows:

- clarify ministry expectations for good agency governance;
- include the clarified governance expectations in the service contract;
- monitor and report on how agencies meet expectations on governance; and
- develop progressive corrective action for medium- and high-risk agencies.

The Ministry also informed us that it was drafting a guide on basic requirements for transfer payment accountability, which was to be sent to agencies once it was finalized. It has provided training to ministry staff and developed a learning guide that includes practical guidance on accountability. The Ministry also made a number of amendments to improve the clarity of its standard service contract. These amendments included a note on the Ministry's expectations regarding agency governance.

The most significant improvement in this area since our *2007 Annual Report* was the development of an agency risk assessment process that looks at eight different areas, including agency governance. The Ministry has already identified medium- and high-risk agencies using the process and will require these agencies to submit action plans outlining how risk will be mitigated and corrective action taken. At the time of our follow-up, however, the Ministry informed us that there had not been

sufficient time to review agency progress to address the issues that had been identified.

TRANSFER PAYMENT CONTROLS

Budget Submissions and Annual Service Contracts, Quarterly Reports, Annual Program Expenditure Reconciliation, Staff Qualification and Training.

Recommendation 2

To ensure that funding provided to service-delivery agencies is based on assessed needs and is commensurate with the value of the services provided, and to implement more effective financial accountability in transfer payments to agencies, the Ministry of Community and Social Services should:

- *reassess the objectives of its annual agency budget submission, review, and approval process, and design a meaningful process that it can adhere to;*
- *either implement its current quarterly reporting process effectively or design and implement a revised process that it can adhere to and that will enable regional staff to monitor in-year agency expenditures and service levels effectively, possibly screening agencies on a few critical indicators;*
- *assess whether its current APER process as implemented meets its objectives and, if it does not, design a more practical means of overseeing agency expenditures; and*
- *assess the level of financial expertise required in regional offices, and determine the number of staff with this expertise that it requires and the best way of acquiring this expertise.*

Status

The Ministry has made some improvements to the annual agency budgeting process, quarterly reporting, and annual financial reporting processes. These changes were being piloted at the time of this follow-up, with full implementation to occur in the 2010/11 fiscal year. The Ministry approved an information strategy that includes improvements as follows:

- Standardized categories of financial information on revenues and expenditures, as well as for staffing, are now required for budgeting and quarterly reporting purposes, as opposed to the variety of information that was previously received. The goal of these new requirements is to ensure better information for cost-value analysis, to compare performance metrics across agencies, to be able to perform regional variation analysis, and to simplify reporting.
- It streamlined the number of expenditure categories used for financial reporting by half to provide more accurate and meaningful information about the services provided.
- It developed business requirements for the automation of the transfer payment budget package. Pending development of this automated solution, the Ministry developed a modified budget package and a central repository that stores all budget and quarterly data, financial and data standards, and validation rules to improve the accuracy of data-entry done by agencies.

The Ministry informed us that it had also implemented a new annual reconciliation process called Transfer Payment Annual Reconciliation (TPAR), which replaced the Ministry's Annual Program Expenditure Reconciliation (APER) during the 2007/08 fiscal year. The goal of the new process is to simplify the reconciliation process and provide the Ministry with better information on financial performance. It includes new reconciliation and verification requirements, the submission of segmented information by specific program, such as residential or individualized living costs, along with audited financial statements and the requirement to submit a post-audit management letter. Training on TPAR was provided to both ministry and agency staff in 2008.

With regard to staff qualifications, the Ministry has not yet reviewed and assessed the need for financial expertise in its regional offices, but plans to do so in the near future. However, the Ministry

has implemented a learning and development curriculum to enhance the knowledge and skills of existing staff. At the time of this follow-up, 19 training sessions had taken place. In addition, the Ministry set up on-line resources, including self-directed learning, to assist staff.

Although we have noted these improvements, the Ministry's internal audit testing identified lack of timely budget approvals and reporting as an outstanding issue. Budget packages continued to be sent out late to agencies, and agency submissions of critical financial information were still not being received or approved by the Ministry on a timely basis.

Facilities Initiative

Recommendation 3

In order to ensure that funding given to agencies for relocating persons from provincially operated facilities into community placements is reasonable and appropriate, the Ministry of Community and Social Services should:

- *assess the merits of instituting a more competitive process instead of having community planning tables (committees consisting of representatives of local service agencies) nominate only one agency to submit a proposal for placing an individual in the community; and*
- *obtain sufficiently detailed budgetary or other information for assessing and documenting the reasonableness of the amount of funding requested where that amount differs significantly from the expected cost amount.*

Status

The movement of individuals from provincially operated facilities into community placements was completed by March 2009. Although the Ministry did not implement more competitive processes for determining placement of individuals into the community as was recommended, it informed us that the regional offices had implemented strategies to ensure the reasonableness of budgets for placements. In particular, regional offices were providing

only first-year funding to agencies whose placement costs exceeded the established benchmarks and were not committing to ongoing future years' annualized funding until a detailed review of costs had been completed. Third-party reviews of costs were also conducted in some regions to determine the reasonableness of any placement costs that exceeded the established benchmark.

These strategies notwithstanding, the Ministry has not demonstrated that service and funding decisions regarding these placements were reasonable and appropriate, and funding has continued to be approved without sufficiently detailed information to support the cost of the placements submitted.

Oversight of Capital Projects

Recommendation 4

In order to be able to demonstrate that capital funding provided to agencies is both necessary and reasonable and creates as many spaces as possible, the Ministry of Community and Social Services should:

- *ensure that all existing requirements in its Guidelines for Developing Infrastructure are complied with, including the requirement to prepare a business case that demonstrates that alternatives were considered and that the most cost-effective alternative was selected;*
- *obtain the necessary expertise (by engaging an external expert if necessary) and sufficiently detailed information for all proposed projects to be able to assess the need for, and reasonableness of, the costs to be incurred; and*
- *obtain a final accounting of the costs incurred.*

Status

The Ministry hired four capital analysts to assist the regions in ensuring that critical documentation was on file for all capital projects completed at the time of our 2007 audit and to provide ongoing support to regions for capital projects relating to the facilities initiative. One capital analyst was to be retained after the completion of the facilities initiative.

The Ministry updated its guidelines in 2007 following the completion of our audit work and informed us that at the time of our follow-up a further update was in progress. It had also developed new tools to support the regions and transfer payment agencies. The Ministry has been providing training on capital processes and procedures to the regions.

The Ministry's internal audit division reviewed capital expenditure files at the regions and noted that files were generally well organized and supported the need for the capital project. However, more emphasis was needed on documenting the alternatives considered and competitive bids received to demonstrate that the most cost-effective option was selected. The internal audit division also noted that in some cases supporting invoices and other necessary information to account for the final costs incurred for capital projects were missing and that when capital agreements were amended, the reason for the changes was not explained.

Agency Purchasing Policies and Procedures

Recommendation 5

To help ensure that agency expenditures are reasonable and represent value for money spent, the Ministry of Community and Social Services should confirm that agency boards of directors ensure adherence to good business practices, including written policies and procedures for such things as purchasing goods and services and processing invoices for payment.

Status

The Ministry informed us that it had issued “best practices” to its transfer payment agencies in November 2008 in the following areas:

- travel, meal, and hospitality expense reimbursement;
- the procurement of goods, services, and consulting services, and the use of agency credit and purchasing cards; and
- fleet management and the use of other road transportation.

The Ministry has indicated to its agencies that it expects them to incorporate these best practices into their policies and procedures, and requires them to provide written confirmation of their compliance with them. The Ministry has also advised the agencies that they will be expected to demonstrate their compliance with the best practices when they are next audited by the Office of the Auditor General of Ontario.

OVERSIGHT OF PROGRAM SERVICE DELIVERY

Access to Services

Recommendation 6

To help ensure that all individuals with a developmental disability are treated consistently across the province and that program placements are appropriate and economical, the Ministry should:

- consider providing access centres with guidelines to encourage consistent placement decisions across the province;
- ensure that access centres maintain the necessary documentation to demonstrate that developmental disability determinations are made consistently and that residential placements are appropriate and economical;
- ensure that all vacancies are filled as quickly as possible; and
- obtain information about waiting lists and vacant beds for use in its service planning process and take this information into consideration when making annual funding decisions.

Status

The Ministry informed us that it had piloted a new application form and common assessment tool, which had yet to be implemented across the province. The new application form incorporates a set of risk factors that is to be part of the new prioritization process. At the time of this follow-up, the risk factors still needed to be validated to provide a consistent approach to managing the various waiting lists for developmental services across the province.

The Ministry also informed us that, as a result of new requirements for service contracts, agencies are required to report vacancies to local access centres within 10 days of the vacancy occurring. Access centres in turn are required to maintain data on the number of vacancies by agency and program type, and to provide an explanation to the Ministry for any vacancy not filled within the quarter.

Proposed legislation outlining a revised process for access to services has been introduced since our 2007 audit. The legislation designates placement and funding entities that will have the authority to administer the application process. Once designated, these entities will be responsible for prioritizing access to services, establishing and maintaining waiting lists, and issuing annual reports to the Ministry. The Ministry will be required to publish these reports within 60 days of receipt. It is expected that the proposed legislation will be proclaimed in the 2010/11 fiscal year and the entities are to assume their new responsibilities in the 2010/11 and 2011/12 fiscal years.

Program Compliance Reviews and Licensing Inspections

Recommendation 7

To help ensure that the Ministry's compliance review process meets its objective of protecting vulnerable people in care, the Ministry of Community and Social Services should:

- *maintain an accurate and up-to-date listing of all adult group homes and ensure that the requirement to review 20% of them annually is met, and that higher-risk group homes are reviewed with reasonable frequency;*
- *reassess the advisability of having agencies select the homes to be reviewed and of giving significant advance notice of reviews;*
- *consider developing a comprehensive checklist that would help ensure that all the required elements of the compliance review are undertaken and adequately documented; and*

- *ensure that where deficiencies are identified, they are followed up on to confirm that the necessary corrective action is taken in a timely manner.*

Status

The Ministry informed us that it had made improvements in the area of compliance reviews since the time of our 2007 audit. These improvements included the development of a standardized, automated checklist to be used for compliance reviews and the creation of an up-to-date and accurate list of group homes funded under the community accommodation program, which is to be maintained by the Ministry's Service Management Information System and its Automated Licensing System.

The Ministry also established a combined corporate/regional review model in 2008 to conduct compliance reviews of adult group homes. This two-year project is to be completed in 2010. Its goal is to bring compliance reviews up to date and establish processes to maintain the currency of compliance inspections and the list of eligible group homes. At the time of this follow-up, approximately 24% of all eligible adult group homes had undergone compliance inspections. The Ministry has indicated that it has decided to make the compliance team permanent so that compliance reviews will continue at the end of this two-year project.

In addition, new legislation for developmental services has been proposed that includes provisions for inspections without a warrant. Further details on the criteria under which inspections may be conducted without a warrant are to be outlined in a regulation, which had yet to be developed at the time of this follow-up. Quality assurance mechanisms were under development and may also be included in the new regulation and in ministry policy directives.

At the time of our follow-up, the Ministry had not yet established the process for taking any necessary corrective action.

Serious Occurrence Reporting

Recommendation 8

To safeguard more effectively the health and safety of individuals living in community accommodations, the Ministry of Community and Social Services should reassess the objectives of the serious occurrence reporting process and, in the light of that reassessment, it should:

- provide agencies with a clear and unambiguous definition of the serious occurrences that need to be reported; and
- design a process that meets its objectives and that its regional offices can oversee effectively.

Status

The Ministry informed us that it had made the following improvements with regard to our recommendation on serious occurrences:

- the development of new guidelines and service provider procedures, including clarified definitions for serious occurrences;
- the introduction of a new, streamlined, integrated reporting form;
- the identification of best practices for managing serious occurrences, and communication of this information to regional offices; and
- more effective use of the automated database.

Although the Ministry appears to have taken several important steps in addressing our recommendation, options for reporting physical restraints—the most common reason for serious occurrences—were still under development at the time of this follow-up. Also, a review undertaken by the Ministry's internal audit division noted inconsistencies in the regions' progress in implementing these improvements: one regional office had developed specific business practices for the management of reporting procedures for serious occurrences to ensure that ministry expectations were being met, while another regional office had only made changes to the way it used the database.

Complaint Procedures

Recommendation 9

In order to help ensure that all complaints received by agencies get a fair hearing and are satisfactorily resolved on a timely basis, the Ministry of Community and Social Services should:

- require all agencies to have a complaints process in place that is similar to the process described in the *Child and Family Services Act* and ensure that they comply with it; and
- ensure that all complaints that are escalated to a ministry regional office are logged, tracked, and resolved fairly and on a timely basis.

Status

The Ministry appears to have made little progress with regard to implementing our recommendation on complaints procedures. It informed us that it was attempting to identify best practices for managing complaints received by the Ministry and that it planned to recommend a set of best practices to the regional offices.

We note that proposed legislation for development services includes provisions that require service agencies to have written procedures to address complaints and that the Ministry may provide more detail on these requirements in the regulation that is to be developed by the end of the 2009/10 fiscal year. Complaints procedures for service providers may also be required in future policy directives and guidelines.

INFORMATION SYSTEMS

Recommendation 10

The Ministry of Community and Social Services should ensure that its Service Management Information System (SMIS) provides complete, accurate, and useful information on which to base management decisions and to help determine whether services provided by transfer-payment agencies are effective and represent value for money spent.

Status

The Ministry has made some progress towards implementing our recommendations regarding its information system. It has developed business requirements for the automation of the transfer payment budget package. Pending development of the automated solution, the Ministry has also developed a modified budget package and a central repository that stores all budget and quarterly data. This tool will include the new financial inputs,

streamlined expenditure categories, service data standards, and validation rules to improve the quality of data at the point of entry.

The Ministry has also implemented a web-based application, which includes a range of tools and analytical reports to assist regional offices in improving the completeness and accuracy of SMIS data. The completeness, accuracy, and usefulness of SMIS reports for management decision-making will be evaluated in future audits.