

Chapter 3

Ministry of Children, Community and Social Services

Section 3.11

Ontario Works

1.0 Summary

Many Ontarians who are either unemployed or underemployed need help to pay for their basic living expenses including food, shelter and clothing. In 2017/18, more than 450,000 individuals (that includes recipients and their dependents) received assistance from the Ministry of Children, Community and Social Services' (Ministry) Ontario Works program.

Ontario Works is designed to provide temporary financial assistance and employment supports to help recipients obtain employment and to become self-reliant. To be eligible for assistance, applicants must demonstrate that they live in Ontario and that their income and assets are below specified amounts. Applicants are also required to participate in activities to help them obtain employment, unless specific circumstances are temporarily preventing them from doing so, such as being a sole parent with pre-school-aged children.

The Ministry contracts with 47 service managers (large municipalities or groups of smaller municipalities) and 101 First Nations to deliver the Ontario Works program. In 2017/18, the Ministry provided almost \$3 billion in transfer payments to these service managers to deliver the program.

Since our last audit in 2009, the average monthly number of Ontario Works cases increased by almost 25% from 202,000 to 250,000 in

2017/18. Although Ontario Works is intended to be a temporary assistance program, we found that since 2008/09, the average length of time people depend on the program has nearly doubled, increasing from an average of 19 months to almost three years in 2017/18. Service managers have identified that 36% of recipients have barriers affecting their employability, such as homelessness and mental health concerns, that they need help to resolve. We also found that in each of the last five years, the Ontario Works program has helped only 10% to 13% of recipient cases to successfully find employment and leave the program.

The cost of the Ontario Works program to the Province has also increased more than 55% since our audit in 2009, from \$1.9 billion to almost \$3 billion in 2017/18. In addition, beginning in January 2018 the Province funds 100% of the cost of financial assistance payments to recipients, whereas in 2009 service managers funded 20% of this cost.

Overall, we found that the Ministry's oversight of the program and the service managers that deliver it is ineffective. The Ministry has not collected sufficient information to understand the significant increase in time recipients spend on assistance, nor has it adequately assessed or held service managers accountable for their efforts to help Ontario Works recipients to overcome significant barriers and to find employment to become self-reliant.

Our audit also found that many of the same issues we identified in our 2009 Annual Report are still present today. We found that in many cases, service managers do not take the necessary steps on a timely basis to help recipients obtain employment or ensure that only eligible applicants are accepted in the program. For example, we found required checks to verify applicant information, such as income and assets, were frequently not completed. As well, we found that the Ministry still does not monitor and ensure that service managers complete financial reassessments of recipients on a timely basis, nor whether they investigate fraud tips to confirm that recipients are still eligible for Ontario Works. Completing these processes also reduces the risk of overpayments by service managers to ineligible recipients.

Furthermore, due to the implementation of the Ministry's IT system, Social Assistance Management System (SAMS), for a period of over two years, from November 2014 to March 2017, the Ministry suspended its Eligibility Verification Process that requires service managers to review recipients who have a high risk of ineligibility. The Ministry re-introduced this process in April 2017, and the reviews completed during the first year identified almost \$11 million in overpayments and the need to terminate about 4,200 Ontario Works cases, equivalent to 2% of the entire caseload. Although these reviews identified many ineligible recipients, we found that service managers did not complete more than 40% of the eligibility verification cases assigned to them during 2017/18. The Ministry has also not conducted an analysis of service managers' employment results to take action to improve the overall effectiveness of the Ontario Works program.

The following are some of our specific concerns about the **Ministry's administration of the Ontario Works program**:

- **Few recipients find employment and the Ministry does not take action to improve results.** We found significant differences in recipient employment outcomes between service managers that should be followed up

by the Ministry to identify best practices and instances that require corrective action. For example, in 2017/18, we noted that while the percentage of recipient cases exiting to employment across all service managers was 10%, this ranged from as low as 2% of all cases at one service manager, to as high as 29% at another.

- **Ministry contracts with service managers lack meaningful targets for recipient employment and mechanisms to hold them accountable for program delivery.** We found that service managers' contracts do not specify the program requirements that service managers are expected to comply with. In addition, although these contracts allow for the Ministry to recover funds where service managers do not achieve their recipient employment and earnings targets, the Ministry advised us that it has never recovered funding for failing to achieve targets. More significantly, we found that almost half the current contracts lack meaningful targets for employment and earnings as service managers had already achieved their targets halfway into their two-year contracts.
- **The Ministry lacks measures to assess whether service managers are effective in helping 36% of recipients identified as having barriers to employment to overcome them.** We identified that caseworkers had assessed 36% of Ontario Works recipients as having barriers that affect their ability to prepare for or find employment because they needed to stabilize their life. Service managers across Ontario told us that these barriers include mental health conditions, addictions and homelessness. Although the Ministry expects service managers to help recipients overcome these barriers, it does not analyze and assess whether service managers are effective in assisting recipients to overcome their employment barriers. If service managers do not make progress assisting

these individuals, it is possible that they will not leave Ontario Works for employment for many years.

- **The Ministry does not measure whether recipients find stable employment to become self-reliant.** A one-time Ministry study that examined recipient exits to employment in 2013 found that 35% of these individuals returned to Ontario Works within about a year-and-a-half of their exit. However, the Ministry's current performance measures do not measure whether individuals leaving the program retain employment over time or later return to Ontario Works.
- **The Ministry does not know whether service managers are meeting its staff-to-recipient guidelines.** We found that the Ministry does not collect information from service managers on the number of caseworkers they employ and their recipient caseload (recipient-to-caseworker ratio). It also does not compare service manager caseloads to its caseload guidelines to assess whether service managers are staffed to effectively deliver the Ontario Works program. We compared the recipient caseloads of the service managers we visited and found that one of the service managers significantly exceeded the Ministry's guidelines for a typical recipient caseload in each of the last five years. On average, in 2017/18, caseworkers at this service manager had a caseload of 158 recipients compared with the Ministry's guidelines of between 90 and 120 recipients per caseworker. In addition, all four of the service managers we visited exceeded the Ministry's caseload guidelines for recipients with significant barriers to employment, which Ministry guidance suggests may need to be as low as 45 recipients to each caseworker.
- **The Ministry's IT system is inadequate for caseworkers to manage recipient cases.** We found that the Ministry's IT system, Social Assistance Management System (SAMS),

does not have the functionality to allow caseworkers to record recipient skills, barriers to employment, or referrals to training or community services in a way that would enable service managers to gather and analyze such factors for their entire caseload. Without this information, service managers face challenges to understanding the profile of recipients on their caseload, tracking recipients' progress toward obtaining employment, and designing suitable training and employment programs for the individuals on their caseload.

- **The underlying cause of overpayments to recipients is not tracked, limiting the ability of service managers to prevent them.** We found that service managers do not have the ability to record the reason that overpayments occur in their information system (SAMS). Without consolidated data to understand the most common systemic causes of overpayments, service managers are unable to identify which of their processes they need to improve to prevent or reduce the number of overpayments in the future.
- **Ministry efforts to prevent fraudulent special diet applications are insufficient.** The Ministry is aware that the special diet allowance is not always administered as intended, and that some recipients are using it to supplement their monthly income rather than to pay for extra dietary costs associated with a particular medical condition. However, it has not taken any action to address this issue.
- **Immigration status affecting recipient eligibility is not consistently verified with the federal government.** The Ministry has an agreement with the federal government to obtain information on the immigration status of Ontario Works recipients. However, it does not use this agreement to check that all recipients (who cannot demonstrate their legal status in Canada) are still eligible, or should be terminated from Ontario Works because they are no longer legally permitted

to remain in Canada or have already been removed from the country. We reviewed Ontario Works recipient data and identified over 500 individuals where there is a risk that they may no longer be eligible for Ontario Works. We asked the Ministry to request that the federal government check the status of a sample of these 500 individuals. However, the Ministry informed us that the federal government would not release the full results of any completed checks to the Ministry because they had been requested for the purposes of our audit. As a result, the information the Ministry obtained was limited to summary results on the immigration status of these individuals. These summary results identified eligibility concerns for one-quarter of these individuals for which the Ministry requires additional information from the federal government to confirm their eligibility. Therefore, we were unable to complete our work in this area.

The following are some of our specific concerns about the **delivery of the Ontario Works program by service managers**:

- **Critical information is overlooked by caseworkers, increasing the risk of errors in determining applicant eligibility.** At the four service managers we visited, we found that caseworkers did not always investigate red flags in applicant information or obtain or review required documentation relevant to assessing eligibility for Ontario Works, including in as many as 60% of the files we reviewed at one of the service managers. In one case, for example, a caseworker failed to identify that people in Canada on work permits are considered temporary residents and are not eligible for Ontario Works. As a result, overpayments totalling more than \$9,200 were made to this ineligible recipient.
- **Overpayments can occur because all service managers do not reassess recipients when required.** At two of the four service managers we visited, we found that in 20% to 35% of the recipient files we reviewed, caseworkers did not meet with recipients at least once every two years as required to review their financial information and status to confirm that they remain eligible for Ontario Works and the amount of financial assistance they are receiving. If service managers do not perform these reassessments on time, there is a risk that overpayments may be made for several months or years to recipients who are no longer eligible for assistance or eligible for a lower amount of assistance.
- **Caseworkers do not consistently work with recipients to help them progress toward obtaining employment.** At the four service managers we visited, caseworkers did not always meet with recipients on a timely basis to review their progress in activities designed to help them find employment, including in 50% of the files we examined at two service managers. Caseworkers are required to meet recipients at least once every three, four or six months, yet in several of the files we examined, periods between reviews were longer than one year, or twice the maximum allowable time. In one case, a recipient's progress had not been reviewed for approximately three years.
- **Decisions to waive recipient employment participation requirements are questionable when not supported with evidence.** At the four service managers we visited, we found that caseworkers did not always obtain sufficient evidence to confirm that recipients are unable to participate in activities designed to help them obtain employment. At one of the service managers, we found that in as many as 40% of the files we reviewed recipients' were allowed not to participate without evidence to explain the reason for this. This included, for example, a recipient deferred due to medical reasons for a period of one year without supporting medical documentation as required.

- **Service managers across Ontario are approximately one year behind investigating approximately 6,000 fraud tips to ensure only eligible recipients are receiving assistance.** We noted that service managers investigated about 17,000 fraud tips in the last three years. More than 25% of the investigations identified an overpayment, and 10% resulted in terminating the recipient from Ontario Works. Timely reviews of these fraud tips are critical to identifying and minimizing overpayments.

Overall Conclusion

Our audit concluded that the Ministry of Children, Community and Social Services, together with service managers, does not have effective systems and procedures in place to ensure that only eligible recipients receive financial assistance and that recipients receive the employment supports they require to obtain employment and become self-reliant. We found that service managers were not taking sufficient steps to ensure that all recipients are eligible for the program, and that all recipients are participating as required in employment assistance activities aimed at obtaining employment. As well, changes to the Ministry's Social Assistance Management System are required in order for the Ministry and service managers to improve their administration of the program.

Our audit also concluded that the Ministry does not have effective systems and processes to measure, evaluate and publicly report on the effectiveness of the Ontario Works program. While the Ministry does collect some relevant performance-related information from service managers, other critical information about recipients is not systematically collected or not used to measure and evaluate the effectiveness of the Ontario Works program. This includes information on recipient barriers to obtaining employment and employment sustainability. In addition, the Ministry does not report the information it does collect on recipient employment outcomes to the public.

This report contains 19 recommendations, with 45 action items, to address our audit findings.

OVERALL MINISTRY RESPONSE

The Ministry of Children, Community and Social Services (Ministry) welcomes the advice of the Auditor General with respect to the delivery and oversight of the Ontario Works program. This program provides a vital service to the people of Ontario to help those in need find sustainable employment and achieve self-reliance. The Ministry is committed to working with service managers to implement an accountability model that focuses on the achievement of outcomes and the recommendations of the Auditor General will be important as the Ministry moves forward to improve the effectiveness and integrity of the program.

OVERALL RESPONSE FROM SERVICE MANAGERS

The four audited service managers welcome the advice of the Office of the Auditor General of Ontario and are committed to addressing the Auditor General's recommendations in order to better serve the needs of all Ontario Works recipients.

We will continue to review our existing processes and take the additional steps that are required to ensure that we comply with the Ministry of Children, Community and Social Services' (Ministry) requirements. Through our partnership with the Ministry, we will also work to explore opportunities to increase the efficiency of existing processes to ensure that our resources are used effectively.

We welcome the opportunity to reflect on how we can improve the delivery of Ontario Works to help vulnerable Ontarians in financial need, and on how to best assist them to work toward obtaining employment, and becoming self-sufficient.

2.0 Background

In Ontario, social assistance is provided by the Ministry of Children, Community and Social Services (Ministry) under two programs:

- Ontario Works—for unemployed or under-employed people in temporary financial need; and
- Ontario Disability Support Program—intended to help people with eligible disabilities live as independently as possible and to reduce or eliminate disability-related barriers to employment.

In 2017/18, these two programs provided social assistance to approximately 610,000 individuals as well as to their qualifying family members for a total of 950,000 people a month, on average. Approximately 60% of these individuals received assistance through the Ontario Disability Support Program and 40% received assistance from Ontario Works. Total provincial transfer payments for these two programs totalled \$8.1 billion in 2017/18, which accounted for 5.3% of total provincial expenditures. Transfer payments for Ontario Works, the subject of this audit, were almost \$3 billion in 2017/18.

2.1 Overview of Ontario Works

The Ministry's Ontario Works program is a social assistance program that provides financial and employment assistance to unemployed or under-employed Ontarians who are in temporary financial need. Ontario Works provides financial assistance to help eligible applicants with basic living expenses such as food, clothing, and shelter. It also provides various employment assistance activities for eligible applicants intended to increase their employability and to help them obtain employment and become self-reliant.

To be eligible for assistance, applicants must demonstrate financial need by providing evidence

that their income and asset levels are below specified amounts. In addition, applicants are also required to sign an agreement to participate in activities designed to gain skills to progress toward obtaining sustainable employment, unless granted a deferral. Applicants who can be granted a deferral include applicants who are sole-support parents with pre-school-aged children, applicants with caregiver responsibilities, or applicants experiencing exceptional circumstances such as illness.

The *Ontario Works Act, 1997* (Act) and its regulations govern the delivery of the Ontario Works program. The Act gives the Ministry the authority to designate delivery agents to administer the program. The Ministry has designated 47 Consolidated Municipal Service Managers and District Social Services Administration Boards as well as 101 First Nations—referred to in this report as service managers—to deliver the program. A service manager is typically either a large municipality or a grouping of smaller ones. In 2017/18, the Ministry provided almost \$3 billion in transfer payments to service managers to deliver the Ontario Works program; service managers provided Ontario Works assistance to approximately 250,000 cases and 454,000 beneficiaries (individuals plus their dependents) a month, on average.

2.1.1 Role of Ministry and Service Managers in Delivery of Ontario Works

Service managers are responsible for delivering the Ontario Works program to eligible individuals who live in their geographic area in accordance with the Act and its regulations, as well as program directives and policies issued by the Ministry. Service managers operate local Ontario Works offices that residents use to access services. **Appendix 1** lists service managers, their respective number of local offices, Ministry funding, and caseloads for the 2017/18 fiscal year.

Service managers' primary responsibilities include:

- determining applicants' initial and ongoing eligibility for the program;
- providing recipients with financial assistance and supports to help them to work toward obtaining employment; and
- establishing processes to prevent and detect fraud, recover overpayments and prevent the misuse of assistance.

The Ministry is responsible for administering the Ontario Works program, including setting overall program requirements and standards for program delivery that service managers must follow.

Figure 1 shows the governance structure for the Ontario Works program as of May 2018. The Ministry enters into contracts with service managers to deliver Ontario Works and provides funding to service managers to cover the costs of delivering the program. Funding provided to service managers includes reimbursement for the financial assistance payments made to Ontario Works recipients, and funding to cover service managers' program delivery costs which includes providing employment supports to Ontario Works recipients, and administration costs. The Ministry is also responsible for monitoring service managers' delivery of the program within the context of the Act, regulations, directives and policies it has developed.

2.1.2 Number of Ontarians Receiving Ontario Works Assistance

Since our last audit of the program in 2009, the average number of Ontario Works cases increased by almost 25% from 202,000 to 250,000 in 2017/18. Over this same period, the population in Ontario increased by approximately 10%. The majority of the increase in the Ontario Works case-load occurred in 2009/10 following the downturn in the economy that began in late 2008. **Figure 2** illustrates the average monthly number of cases and beneficiaries each fiscal year between 2003/04 and 2017/18.

Although the number of Ontario Works cases has remained stable over the past five years,

the Ministry told us that it is still higher than its pre-recession levels. In contrast, the unemployment rate was 5.8% in 2017/18, down from 6.3% in 2007/08. The Ministry explained that policy changes since 2008 have increased the number of people eligible for the Ontario Works program. For example, the amount of assets a person is permitted to have has risen, which has allowed more people to qualify. In addition, the Ministry said that once on Ontario Works, individuals and families may have circumstances that hinder their exit from the program such as a low level of education, or loss of jobs in their industry such as manufacturing.

The average length of time individuals are accessing Ontario Works has also increased, from 19 consecutive months in 2008/09 to 35 consecutive months in 2017/18. **Figure 3** shows the increase in number of consecutive months spent on Ontario Works between 2008/09 and 2017/18.

2.1.3 Provincial Cost of Ontario Works

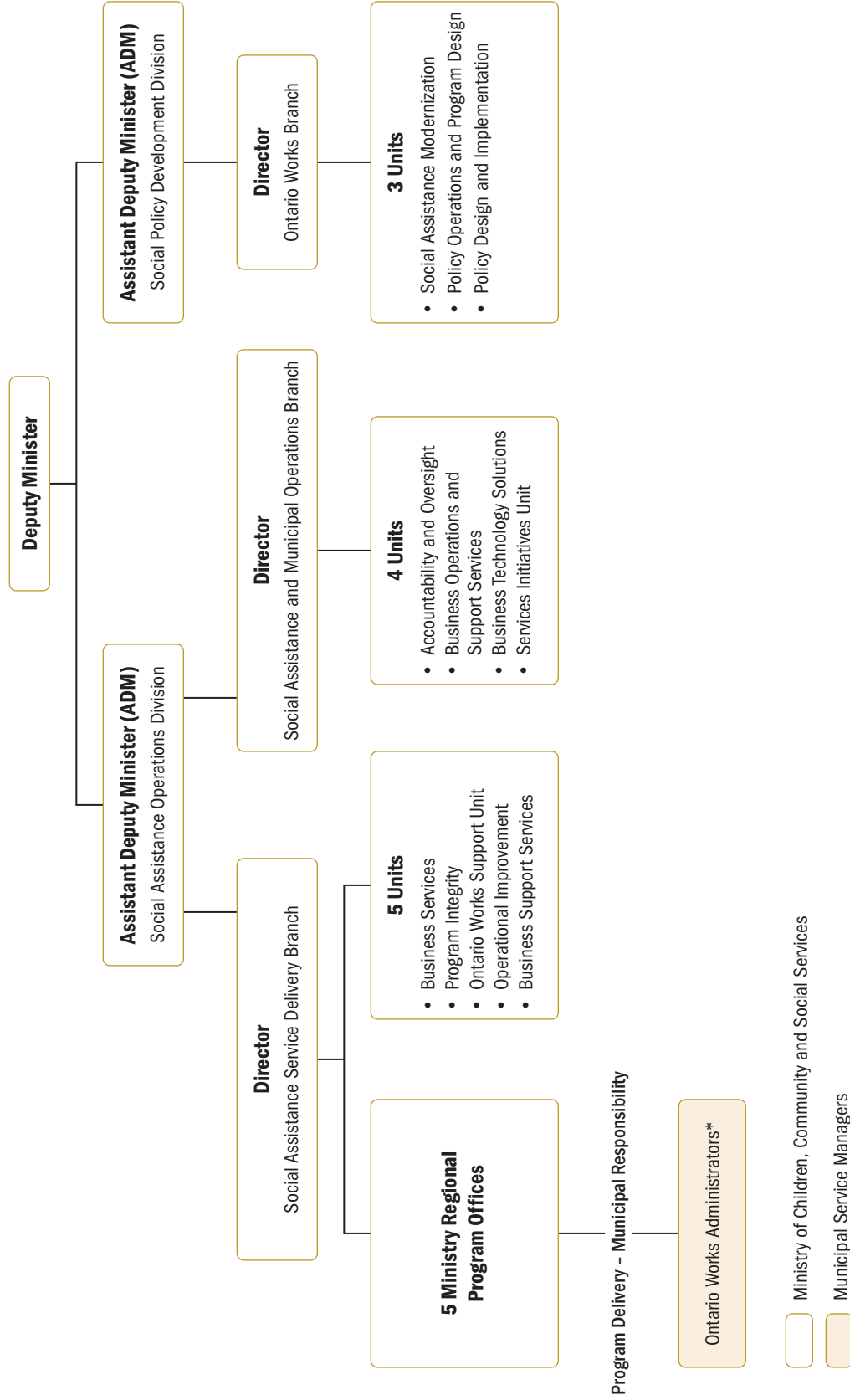
Total Ministry funding provided to service managers for the Ontario Works program has increased by approximately 60% from \$1.9 billion in 2008/09 when we last audited the program to nearly \$3.0 billion in 2017/18 as illustrated in **Figure 4**.

Key reasons for the increase include:

- an increase of 19% in the average number of Ontario Works recipients and beneficiaries from 380,000 in 2008/09 to 454,000 in 2017/18 as shown in **Figure 2**;
- financial assistance rate increases since 2009 ranging from 1% to 2% each year, and as high as 4.8% in 2014 for single recipients;
- changes to applicant asset and income exemptions, and other policy changes;
- the Ministry's estimated annual costs associated with key changes in the last five years, and projected costs of key changes for the next three years (**Appendix 2**);
- a change in February 2017 to end the deduction of child support income from social assistance payments (at the time that it

Figure 1: Ontario Works Governance Structure, May 2018

Source of data: Ministry of Children, Community and Social Services



* Ontario Works Administrators are employees of the 47 Consolidated Municipal Service Managers and District Social Services Administration Boards referred to in this report as service managers. Ontario Works Administrators are individuals appointed by service managers, with the approval of the Ministry, to oversee the delivery of the program in accordance with the *Ontario Works Act*. Administrators report to senior management within their municipalities, and are accountable to the Ministry through the Regional Program Office in their geographical area.

implemented this change, the Ministry estimated that it would increase Ontario Works financial assistance expenditures by approximately \$48 million each year from now on); and

- a gradual increase in the percentage of total financial assistance and employment assist-

ance expenditures that the Province reimburses to municipalities.

Historically, the provincial and municipal governments have shared the costs of Ontario's social assistance programs. However, in 2008 as part of the Provincial-Municipal Service Delivery Review and Agreement, the Province and municipalities

Figure 2: Average Monthly Ontario Works Caseload and Beneficiaries, 2003/04–2017/18

Source of data: Ministry of Children, Community and Social Services

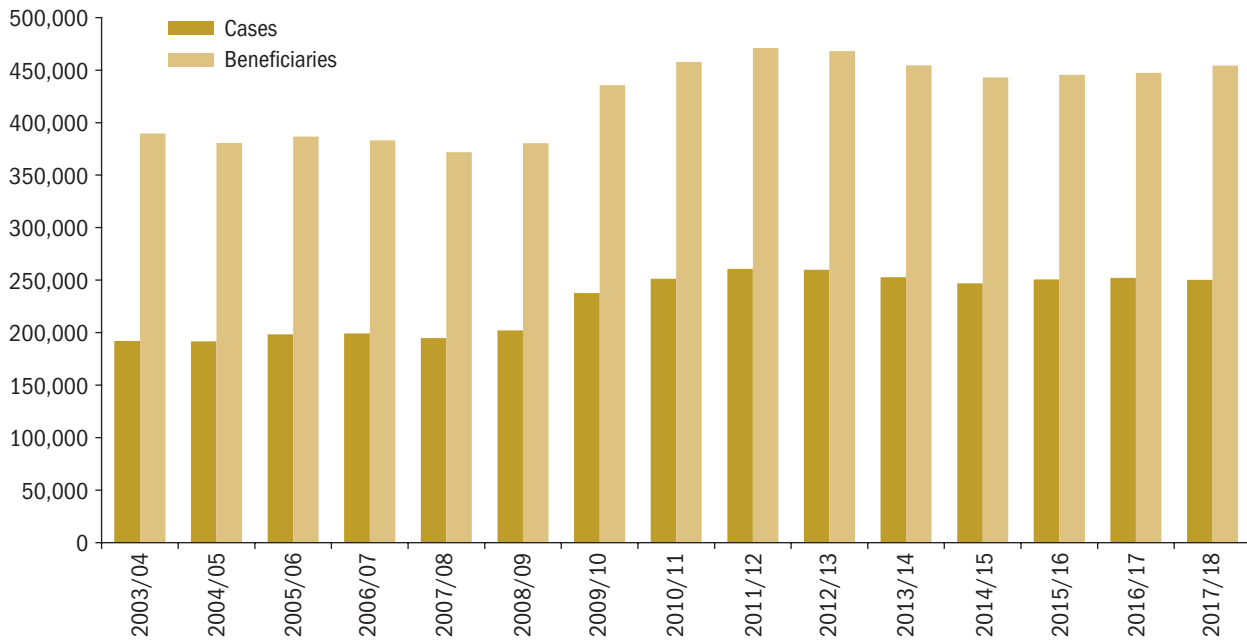


Figure 3: Average Number of Consecutive Months Recipients Are on Ontario Works, 2008/09–2017/18

Source of data: Ministry of Children, Community and Social Services

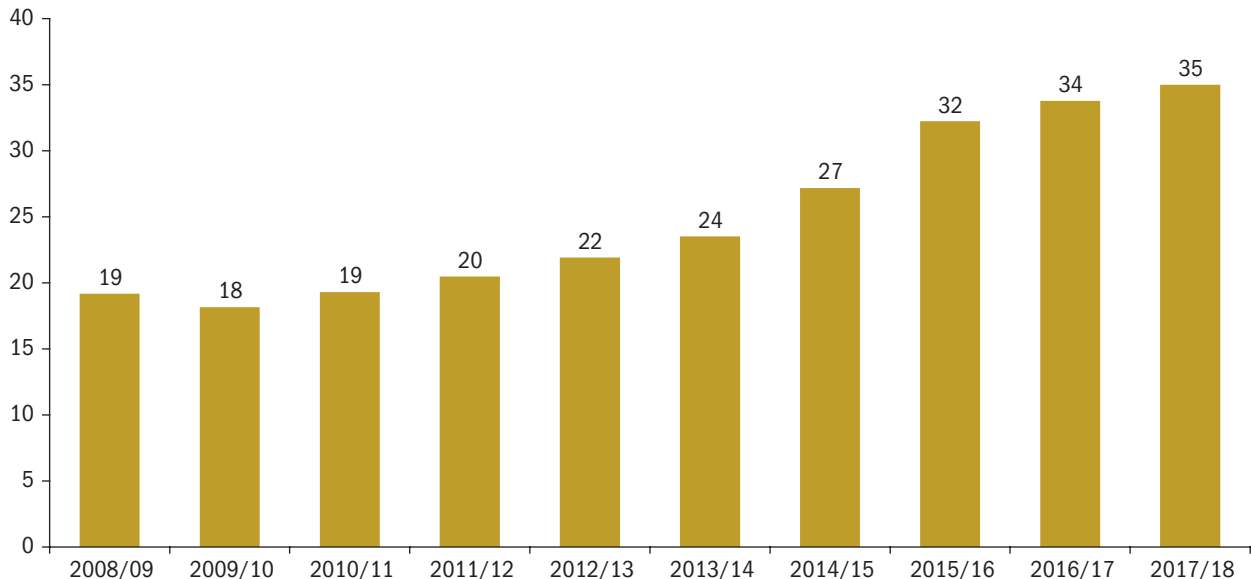


Figure 4: Provincial Transfer Payments to Service Managers and Average Monthly Caseload, 2008/09–2017/18

Source of data: Ministry of Children, Community and Social Services

	Average Monthly Caseload #	Financial Assistance (\$ million)	Program Delivery		Total (\$ million)
			Employment Assistance (\$ million)	Administration (\$ million)	
2017/18	250,292	2,399	210	366	2,975
2016/17	252,247	2,279	204	375	2,858
2015/16	250,640	2,174	196	353	2,723
2014/15	246,903	2,013	189	365	2,567
2013/14	252,767	1,888	184	362	2,434
2012/13	259,819	2,031	177	328	2,536
2011/12	260,766	1,998	173	332	2,503
2010/11	251,280	1,924	189	318	2,431
2009/10	237,634	1,803	193	205	2,201
2008/09	202,181	1,534	171	194	1,899

Figure 5: Ontario Works Provincial-Municipal Cost Sharing 2009–2018

Source of data: Ministry of Children, Community and Social Services

	Financial Assistance and Employment Assistance Cost Share %										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Ongoing
Provincial Share	80.0	80.6	81.2	82.8	85.8	88.6	91.4	94.2	97.2	100.0	100.0
Municipal Share	20.0	19.4	18.8	17.2	14.2	11.4	8.6	5.8	2.8	0.0	0.0

reached a consensus that the Province would fully fund the cost of financial assistance and employment assistance expenditures to reduce uncertainty and volatility in municipal expenditures. To implement this change, the Province increased the proportion of expenditures that it funded over a nine-year period beginning in 2010. Because of this agreement, the provincial share of Ontario Works financial assistance and employment assistance expenditures has increased from 80% at the time of our last audit to 100% beginning in 2018. **Figure 5** illustrates the annual changes to provincial-municipal cost-sharing arrangements.

The Ministry also pays up to 50% of service managers' administration costs. This has not changed since our 2009 audit. However, since 2011/12 the Ministry has provided service managers with the flexibility to use program delivery

funding (for administration and employment costs) interchangeably according to their local needs. Therefore, the Ministry may reimburse service managers for more than 50% of their administration costs.

2.2 Eligibility for Ontario Works

Service managers are responsible for determining an applicant's eligibility for Ontario Works. To be eligible for assistance, applicants must meet the eligibility criteria set out in the *Ontario Works Act, 1997* and its regulations. Applicants must live in Ontario and be legally entitled to reside in Canada permanently. An exception is refugee claimants who are eligible even though they have yet to be granted the right to stay in Canada permanently.

Applicants must be willing to make efforts to find, prepare for and keep a job. They also must demonstrate financial need by providing evidence that their income and asset levels are below specified amounts. Unless specifically exempt, all of an applicant's assets are included in the determination of eligibility. Exemptions include an applicant's house and vehicle. To be eligible, as of September 2017, a person's net assets must be worth less than \$10,000 if the person is single and \$15,000 if the person has a spouse. Prior to September 2017, the asset limits were \$2,500 for a single person and \$5,000 for a person with a spouse.

2.2.1 Role of Caseworkers in Determining Eligibility for Ontario Works

People seeking help from Ontario Works can apply online, in person at a service manager's Ontario Works office, or by telephone. The Ontario Works caseworker's responsibilities begin when an applicant makes contact to schedule an in-person meeting. At that meeting, the caseworker begins the process of determining if the applicant qualifies for assistance. Caseworkers are responsible for verifying information provided by the applicants to prove their eligibility and carrying out applicable third-party checks, such as with Equifax Canada Inc. and the Canada Revenue Agency. Service managers carry out third-party checks using the information-sharing agreements that the Ministry has entered into.

If an applicant qualifies for Ontario Works and becomes a recipient, the caseworker will create a formal plan, referred to as a participation agreement. The participation agreement is a plan that sets out the employment activities, including their duration, that the recipient will undertake. The recipient must sign this agreement and carry out the agreed activities as a condition of receiving assistance. The activities in the agreement are intended to help the recipient gain skills and progress toward sustainable employment.

All recipients must participate in employment activities unless the caseworker waives their requirement to participate. The Ontario Works regulations set out the circumstances under which service managers may defer an applicant's requirement to participate. These circumstances include:

- if the participant is a sole parent with pre-school-aged children;
- if the participant is a caregiver for a family member;
- if, in limited cases, the participant is over 65 years of age and does not qualify for the full Old Age Security pension or the Guaranteed Income Supplement; or
- if exceptional circumstances apply to the participant.

Following the initial appointment, caseworkers are typically required to meet with Ontario Works recipients every three months to adjust the participation agreement as the recipient progresses or their circumstances change, and to discuss other programs and supports that can help the recipient. Ministry policy also requires caseworkers to meet with recipients at least once every two years to review recipients' financial status and information to ensure that they remain eligible for Ontario Works.

2.2.2 Demographics of Ontario Works Recipients

As of March 2018, more than 60% of Ontario Works cases were single recipients without children. Over 60% of Ontario Works recipients were born in Canada, and the primary recipients of Ontario Works were between the ages of 25 and 34 years. As well, as of March 2018, 44% of all Ontario Works recipients lived in the Greater Toronto Area. These demographics have remained relatively stable since our last audit, not changing more than 5% in each of these categories when compared with March 2018. **Figures 6 to 9** illustrate the demographics of Ontario Works cases by family structure; residency status in Canada; age of applicant; and geographical location.

Figure 6: Ontario Works Cases by Family Structure, March 2018

Source of data: Ministry of Children, Community and Social Services

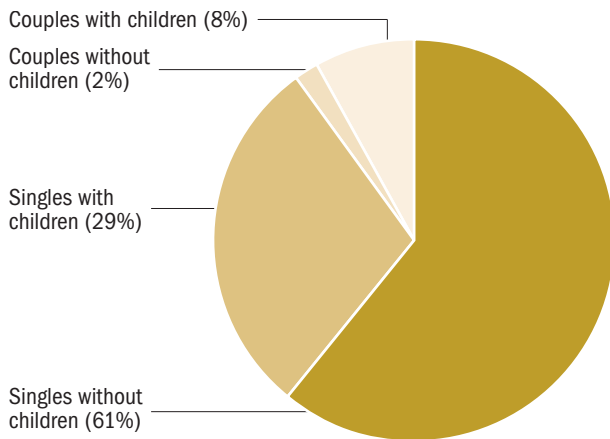


Figure 7: Percentage of Ontario Works Cases by Geographical Location, March 2018

Source of data: Ministry of Children, Community and Social Services

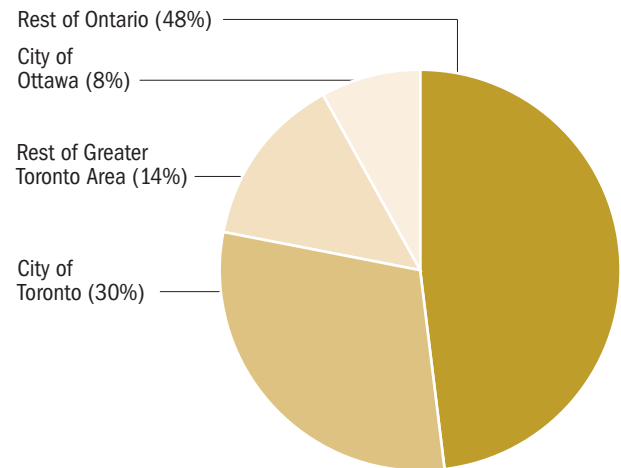
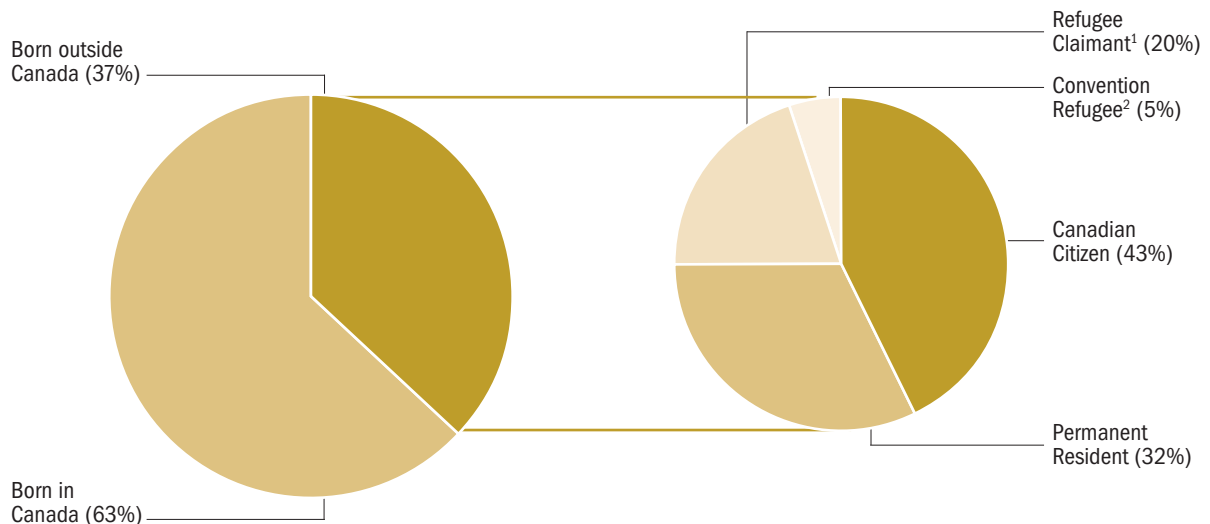


Figure 8: Ontario Works Cases by Residency Status in Canada, March 2018

Source of data: Ministry of Children, Community and Social Services



1. Refugee Claimants are individuals who have made a claim for refugee status, but have not yet had their status determined. Refugee claimants are eligible for Ontario Works effective the date they formally make a claim for refugee protection.
2. Convention Refugees relate to asylum seekers approved by the Immigration and Refugee Board of Canada and granted convention refugee status. They are eligible to apply for Permanent Residence, but in these cases have not yet done so and retain the status of convention refugees.

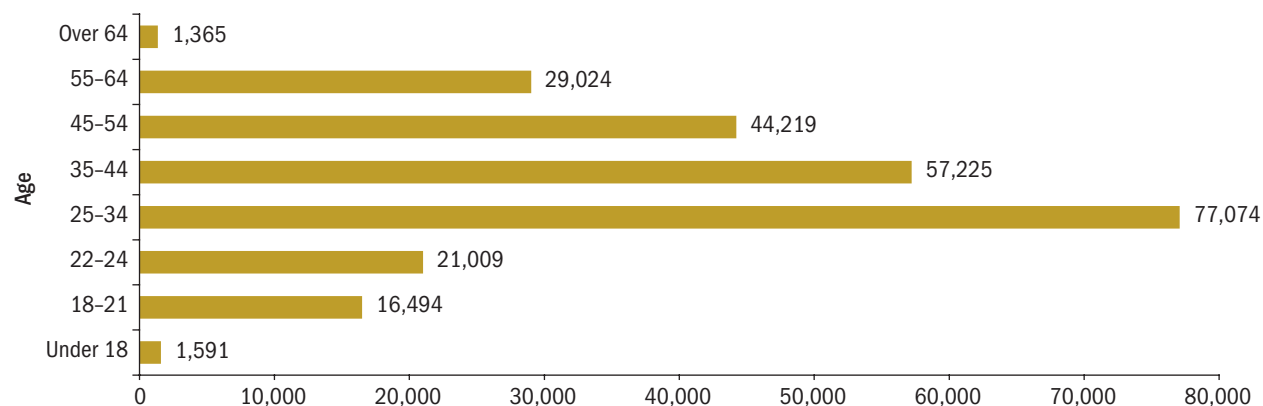
2.3. Financial Assistance for Ontario Works Recipients

Eligible Ontario Works applicants receive financial assistance for basic needs and shelter, and may qualify for other allowances such as a special diet allowance, pregnancy nutritional allowance or

remote communities' allowance. The amount of financial assistance and allowances available are set by the Province and are based on family size. **Figure 10** shows the rates for basic needs and shelter at the end of the 2017/18 fiscal year and at the time of our last audit in 2008/09.

Figure 9: Ontario Works Cases by Age of Head of Family,* March 2018

Source of data: Ministry of Children, Community and Social Services



* The Head of Family is the applicant.

Figure 10: Maximum Monthly Ontario Works Basic Needs and Shelter Rates in 2008/09 and 2017/18 (\$)

Source of data: Ministry of Children, Community and Social Services

	Single Person		Single Person with One Child		Couple		Couple with Two Children	
	2008/09	2017/18	2008/09	2017/18	2008/09	2017/18	2008/09	2017/18
Basic needs	216	337	360	354	429	486	429	486
Shelter allowance	356	384	560	632	560	632	660	744
Total Maximum Allowance	572	721	920	986	989	1,118	1,089	1,230

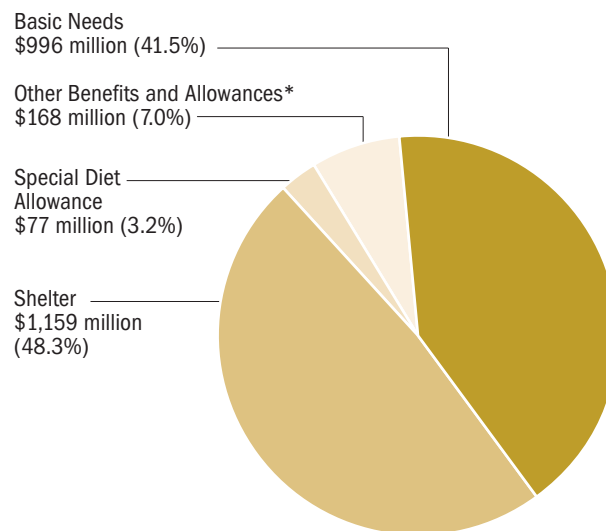
In addition, eligible applicants receive assistance for health and non-health-related expenses, referred to as mandatory and discretionary benefits. Mandatory health-related benefits include drug coverage; discretionary health-related benefits include dental care for adults. See **Appendix 3** for a list of mandatory and discretionary benefits.

The Ministry does not prescribe the rates for discretionary benefits; therefore, service managers have the authority to set rates they deem appropriate. Service managers also have the authority to provide any health or non-health-related benefit they feel is appropriate where failure to provide this benefit would harm the health of the recipient. Service managers can set the rate for the discretionary benefits they provide, but the Ministry provides maximum funding of \$10 per Ontario Works case per month.

Figure 11 shows the type of financial assistance and associated costs provided by service managers

Figure 11: Breakdown of Financial Assistance Payments to Ontario Works Recipients, 2017/18

Source of data: Ministry of Children, Community and Social Services



* Other benefits and allowances include mandatory and discretionary benefits described in **Appendix 3**.

Figure 12: Ministry-Mandated Employment Activities

Source of data: Ministry of Children, Community and Social Services

Community Placements	The program can help arrange placements in a community agency so that participants can gain work experience. Participants will be able to practice skills, improve their confidence and get up-to-date job references and contacts.
Education Programs	Education programs are available to help participants finish high school, improve language skills or upgrade reading, writing or math skills.
Employment Placements	The program can connect participants who are ready for a job with employers who are hiring. The program can also help participants prepare for an interview and help with training for a job, if required.
Job-Specific Skills Training	If participants need special training or skills for a job, the program can assist with finding help to develop those skills.
Learning, Earning and Parenting (LEAP)	If participants are young parents between the ages of 16 to 25, LEAP provides supports to finish high school, improve parenting skills, prepare for and find work.
Literacy Screening and Training	The program can help participants access help to improve reading, writing and math skills.

to Ontario Works recipients in the 2017/18 fiscal year. Basic needs and shelter assistance made up 90% of the total amount of financial assistance payments. Mandatory and discretionary benefits and other allowances comprised 7% of payments, and special diet allowances accounted for 3% of payments to Ontario Works recipients.

The special diet allowance is available to recipients and their families who require a special diet due to one or more approved medical conditions from a list of more than 40. In order to be eligible for the special diet allowance, applicants must submit an application form completed by a health-care professional such as a doctor, nurse or dietitian. Service managers use a special diet payment schedule issued by the Ministry to determine the amount of the allowance depending on the medical condition. The monthly amounts vary from \$30 to \$59 (depending on age) for lactose intolerance, \$32 to \$63 (depending on age) for a milk allergy, \$97 for an allergy to wheat, and up to \$191 for an individual with cystic fibrosis. An individual may have multiple special requirements; however, the total allowance for any one member of a family may not exceed \$250 per month.

2.4 Ontario Works Employment Assistance

As noted in **Section 2.2.1**, Ontario Works recipients are required to participate in employment assistance activities as a condition of eligibility for receiving basic financial assistance. These activities include unpaid community service activities, or employment support activities such as job search, participation in basic education or job-specific training and development of employment-related skills. The Ministry requires service managers to submit a service plan every two years. The plan sets out how the service manager will invest in employment-related strategies that best reflect their caseload, local conditions and priorities, and offers the best results to their participants. Each service manager is required to provide and make available to recipients each of the programs listed in **Figure 12**.

For Ontario Works recipients who are not yet able to benefit from one or more of these employment assistance activities due to personal circumstances—such as homelessness, transience, or lack of available child-care—the Ministry requires service managers to help these participants to resolve these obstacles as a first step toward participating in employment assistance activities.

2.5 Oversight and Performance Measurement

As described in **Section 2.1.1**, the Ministry enters into contracts with service managers for the delivery of Ontario Works. The Ministry's primary means of monitoring service managers' delivery of Ontario Works is through its team of approximately 30 regional program supervisors and program managers who are responsible for the financial monitoring and oversight of individual or clusters of service managers. These staff review service managers' reimbursement claims for payments made to Ontario Works recipients. They also negotiate contracts with service managers and are expected to review service managers' progress reports related to these contracts. These contracts are two years in duration and require service managers to set annual targets and report results for indicators that include recipient employment earnings and the percentage of recipients who find employment. **Figure 13** illustrates the performance indicators that service managers were required to report on in the calendar years following our 2009 audit.

The Ministry also requires service managers to participate in its Eligibility Verification Process.

Figure 13: Ontario Works Performance Indicators Reported by Service Managers

Source of data: Ministry of Children, Community and Social Services

2010–2015
Average monthly employment earnings per case
Average amount of monthly earnings at exit from Ontario Works
% of caseload with monthly employment income
% of caseload exiting to employment
Job retention rate since exiting to employment (in months)
Job retention rate % among those exiting to employment
Average length of time to exit assistance due to employment
2016–2018*
Average monthly employment earnings per case
% of caseload with employment earnings
% of caseload exiting to employment
% of total exits from assistance due to employment

* Service managers were required to select and report on only two of the four employment outcome indicators between 2016 and 2018.

In this review process, the Ministry identifies a sample of Ontario Works cases as having a high likelihood of missing or incorrect information. Such information may affect a recipient's eligibility or the amount of assistance the recipient receives. The Ministry identifies the cases for eligibility verification by comparing a recipient's income or expense information to tax data. Equifax Canada then combines this information with other consumer credit information to provide the Ministry with the highest risk cases. The Ministry then assigns high-risk cases for service managers to review to determine whether the recipient still meets eligibility requirements and whether the amount of assistance should be changed.

3.0 Audit Objective and Scope

Our audit objective was to assess whether the Ministry of Children, Community and Social Services (Ministry) with municipal service managers have effective systems and processes in place to:

- ensure only eligible recipients receive financial and employment support that is commensurate to their needs, in accordance with legislative and policy requirements; and
- measure, evaluate, and publicly report on the effectiveness of the Ontario Works program in helping people in temporary financial need to find employment.

In planning for our work, we identified the audit criteria (see **Appendix 4**) we would use to address our audit objective. These criteria were established based on a review of applicable legislation, directives, policies and procedures, and internal and external studies. Senior management at the Ministry and the service managers we visited reviewed and agreed with the suitability of our objective and related criteria.

We focused on the Ministry's and service managers' activities in the five-year period ending March 2018. We conducted our audit between

January 2018 and September 2018. We obtained written representation from Ministry management and the four service managers we visited that, effective November 8, 2018, they have provided us with all the information they are aware of that could significantly affect the findings or the conclusion of this report.

Our audit work was conducted at the Ministry and four of the 47 service managers across Ontario: City of Toronto, City of Windsor, District of Thunder Bay Social Services Administration Board, and Regional Municipality of Peel. Collectively, the four service managers we visited represented approximately 42% of the total Ontario Works caseload in 2017/18. We also sent a survey to all 47 service managers and received a response from each of them to gain a better understanding of how they deliver the Ontario Works program across the province.

Our audit work included an analysis of policies and procedures, and relevant documents and reports, as well as detailed discussions with staff at the Ministry's corporate office involved in the design, funding, oversight and performance measurement of the Ontario Works program.

We also met with the Ministry's regional program managers and supervisors responsible for overseeing the financial and operational performance of the four service managers we visited.

Our audit work at service managers included interviews with key personnel responsible for delivering the Ontario Works program in accordance with legislative and policy requirements, as well as interviews with caseworkers responsible for providing services to Ontario Works recipients. We also performed data analysis and reviewed Ontario Works recipients' files to determine whether service managers comply with Ontario Works program requirements, and to identify trends related to service managers' efficiency, effectiveness, and compliance with program requirements. We also obtained information from service managers about the outcomes of Ontario Works recipients that used their employment services. However, we did not evaluate

service managers' administration of contracts with external parties that provide employment supports to recipients.

In addition, to gain an understanding of Ontario Works recipients' experience in the program, we spoke to senior staff at the Income Security Advocacy Centre. The Centre is a community legal clinic funded by Legal Aid Ontario that advocates on behalf of low-income Ontarians and has provided advice to the government on improving the Ontario Works program.

We also reviewed the relevant audit reports issued by the Ontario Province's Internal Audit Division in determining the scope and extent of our audit work. We last audited the Ontario Works program in 2009.

We conducted our work and reported on the results of our examination in accordance with the applicable Canadian Standards on Assurance Engagements—Direct Engagements issued by the Auditing and Assurance Standards Board of the Chartered Professional Accountants of Canada. This included obtaining a reasonable level of assurance.

The Office of the Auditor General of Ontario applies the Canadian Standards of Quality Control and, as a result, maintains a comprehensive quality control system that includes documented policies and procedures with respect to compliance with rules of professional conduct, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Professional Conduct of the Canadian Professional Accountants of Ontario, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

4.0 Detailed Audit Observations: Ministry of Children, Community and Social Services

4.1 Cost of Ontario Works Increasing but Ministry Does Not Effectively Oversee or Hold Service Managers Accountable

4.1.1 Service Managers Do Not Always Comply with Ministry Requirements

The Ministry contracts with service managers to deliver Ontario Works but it is the Ministry's responsibility to ensure that the service managers comply with legislation and Ministry policies designed to ensure that the program is effective. However, we found that the Ministry does not conduct inspections of service managers to confirm their compliance despite the fact that the provincial share of Ontario Works financial assistance and employment assistance expenditures increased from 80% at the time of our last audit in 2009 to 100% in 2018. When service managers do not complete requirements that affect, for example, eligibility, or do not do so on a timely basis, ineligible recipients may remain undetected for longer, resulting in larger overpayments that service managers must later recover (discussed in **Section 4.4**).

Our audit identified several areas where the Ministry needs to take steps to improve service managers' compliance to ensure that only those who are eligible for the program receive assistance and that individuals progress toward obtaining employment. These issues are discussed in **Section 5**, which details our observations about service managers. Specifically, in relation to eligibility, we found:

- third-party checks of financial information were not performed in many cases (**Section 5.1.1**);

- critical information relating to establishing eligibility was not always obtained or reviewed (**Section 5.1.2**);
- individuals' ongoing eligibility was not always reassessed every two years as required by Ministry policy (**Section 5.1.3**);
- targeted eligibility reviews of recipients with a high risk of ineligibility were not always completed (**Section 5.1.4**); and
- fraud tips and incarceration alerts were not always reviewed or investigated within the timeframes required by the Ministry (**Section 5.1.5**).

Relating to ensuring that individuals progress toward obtaining employment to become self-reliant, employment results varied from a low of 2% of recipients finding employment during 2017/18 at one service manager visited to 15% at another service manager visited. Regarding compliance with Ministry requirements, we identified that:

- not all the decisions to exempt recipients from employment activities were supported with the required evidence (**Section 5.2**); and
- not all recipients had met with their caseworker as regularly as required by Ministry policy to ensure that they were participating in employment activities (**Section 5.3.1**).

4.1.2 Ministry Cancelled its Process to Review Service Manager Compliance and Seven Years Later It Has Yet To Replace It

The Ministry stopped completing reviews that assess service managers' compliance with Ontario Works requirements in 2011 with the intent of replacing them with a new risk-based program to monitor service managers. However, as of 2018, seven years after it stopped completing compliance reviews, it has yet to implement a process to replace these reviews.

At the time of our 2009 audit, and up until 2011, the Ministry's staff conducted compliance reviews of service managers. Compliance reviews consisted of examining a sample of Ontario Works recipient

case files to assess whether the service manager complied with program requirements and standards. These reviews covered areas such as recipient eligibility and financial assistance, the provision of discretionary benefits, overpayment collection, and the completion, appropriateness, and effectiveness of recipient participation agreements.

In our *2009 Annual Report*, we noted that these compliance reviews identified many of the same issues and concerns that we raised during our audit at that time.

RECOMMENDATION 1

We recommend that the Ministry of Children, Community and Social Services (Ministry) re-institute its reviews of service managers' compliance with Ontario Works requirements, or implement a suitable process, to reinforce to service managers the need to comply with requirements designed to ensure:

- financial assistance is provided in the correct amount and only to eligible individuals; and
- recipients progress toward obtaining employment to become self-sufficient.

MINISTRY RESPONSE

The Ministry agrees with the recommendation and acknowledges that strengthened oversight processes and tools are required to achieve greater accountability in meeting Ministry requirements designed to ensure service managers provide financial assistance in the correct amount to eligible individuals and that recipients progress toward obtaining employment to become self-sufficient.

The Ministry will establish a multifaceted outcomes-based approach with required tools and processes to ensure service managers effectively and efficiently achieve program objectives and client outcomes.

This outcomes-based approach to accountability, supported by appropriate data analysis and reporting, will place the onus on service

managers to have the appropriate strategies and controls in place to meet Ministry requirements including the achievement of positive outcomes for recipients. This approach emphasizes clearly defined expectations while providing service managers with flexibility to meet the needs of their communities.

By April 2020, the Ministry will:

- define and clearly communicate expectations, requirements, standards and targets which will include program oversight, and eligibility verifications;
- develop a strong agreement based on the Ontario Government's Transfer Payment Accountability best practices, with specific expectations, reporting requirements, corrective actions, and risk management requirements;
- implement a series of new mechanisms to proactively identify and prevent performance and eligibility issues;
- establish a process to actively monitor a range of performance indicators covering service delivery and management against targets; and
- benchmark performance results as means for continuous improvement of operations.

This approach will be further strengthened by the end of 2020/21 with:

- a Risk-Based Certificate of Assurance process to be completed by service managers;
- targeted Quality Assurance reviews by the Ministry to validate the accuracy and consistency of service manager reported findings; and
- third-party reviews for targeted situations when significant concerns or opportunities are identified.

4.1.3 Ministry Contracts with Service Managers Lack Mechanisms to Hold Service Managers Accountable

Contracts Do Not Specify Program Requirements or Service Delivery Targets that Service Managers Must Meet

We found that the contracts with service managers for the delivery of Ontario Works do not include a requirement for service managers to comply with Ontario Works legislation, Ministry program directives or key Ministry policies. For example, one of the Ministry's key policies is the requirement for service managers to participate in its Eligibility Verification Process described in **Section 2.5**; however, the contracts do not include a requirement for service managers to complete these reviews.

In addition, the contracts also do not include measures and targets for service delivery (based on the standards defined in the Ontario Works legislation and Ministry directives) such as reducing overpayments, improved overpayment collection and timely investigation of fraud referrals.

Service Managers' Administration and Employment Assistance Funding Is Not Linked to Their Performance

The current contracts with service managers (described in **Section 2.5**) include a requirement to achieve annual performance targets for indicators relating to recipient employment earnings and the percentage of recipients who find employment. The contracts also allow the Ministry to recover funds when service managers do not achieve these targets. However, the Ministry advised us that it has never exercised its ability to recover funding from service managers for failing to achieve these targets.

In addition, for the performance indicators that the service managers currently report on, service managers are only required to pick and set targets for two of the Ministry's four indicators (as noted in **Figure 13**). We reviewed the indicators chosen by service managers for 2017, the first year of the current two-year contracts between the Ministry and

service managers, and found that almost 30% of service managers did not have any targets in their contracts for the number of recipients expected to leave the program for employment. These service managers had only chosen and set targets for the Ministry's two performance indicators related to measuring employment earnings for recipients of Ontario Works.

Furthermore, we found that service managers are required to assign a points weighting to achieving each of the targets set and are considered to have achieved the outcomes built into their contracts if they exceed a certain threshold of points. The Ministry advised us that 23 out of 47 service managers in Ontario had already achieved enough points at the end of 2017, the first year of the current contracts, to meet their two-year contractual obligation. This suggests that the targets established in these contracts are of little value in encouraging service managers to improve their performance to help recipients to find employment and become self-sufficient.

RECOMMENDATION 2

To hold service managers accountable for delivering the Ontario Works program in compliance with the program's requirements, and to improve program outcomes, we recommend that the Ministry of Children, Community and Social Services (Ministry) update its contracts with service managers to include:

- requirements to comply with Ontario Works legislation, Ministry directives and policies;
- additional performance indicators and meaningful targets to measure service managers' progress in assisting Ontario Works recipients find employment and become self-sufficient;
- targets for service delivery, including reducing and preventing overpayments; and
- mechanisms to hold service managers accountable for meeting the terms of the agreements.

MINISTRY RESPONSE

The Ministry agrees with the recommendation and will implement, for April 2020, a comprehensive service contract with service managers for the delivery of Ontario Works, reflecting principles and requirements of the Ontario Government's Transfer Payment Accountability Directive. This contract will act as one of the primary mechanisms for governing the accountability relationships and interactions between the Ministry and service managers.

The service contract will include specific expectations including complying with program requirements, reporting requirements, corrective actions and risk management requirements. The Ministry, in consultation with service managers, will establish key performance indicators as well as appropriate targets related to service delivery and those that demonstrate recipients' progress toward finding employment and becoming self-sufficient.

The Ministry is also exploring further enhancing the service contract by the end of 2020/21 with provisions for Certificate of Assurance, Quality Assurance Reviews and third-party audits where warranted to hold service managers accountable for meeting the terms of these agreements.

4.2 Ministry Lacks Targets and Performance Indicators to Improve the Effectiveness of Ontario Works

4.2.1 Only 10% of Recipients Find Employment and the Ministry Has Not Taken Action to Improve Results

We found that the Ministry has not set provincial targets for the number of Ontario Works recipients it expects to find employment. It also does not combine the employment results it collects from individual service managers to monitor and evalu-

ate the overall effectiveness of the Ontario Works program in getting recipients into the workforce.

To understand how many recipients typically find work and leave the program annually, we combined the monthly data collected by the Ministry from service managers for the percentage of recipients who leave the program for employment. We found that province-wide, only 10% to 13% of Ontario Works recipient cases left the program for employment in the last five years, including just 10% in 2017/18. **Figure 14** shows the province-wide results over the last five years for exits to employment, as well as the results we calculated for the Ministry's performance indicators related to recipient employment earnings.

Ministry Does Not Compare Service Manager Employment Results to Identify Best Practices and to Take Corrective Action

We found that the Ministry does not compare the employment results it collects from service managers to identify best practices and instances that require corrective action. We analyzed these results and found significant differences between service managers' employment results that the Ministry should follow up. For example, in 2017/18, at one-third of all service managers, the percentage of recipient cases exiting to employment was more than 20%, but at one-fifth of service managers, it was less than 10%. **Figure 15** shows the service managers with the highest and lowest percentage of exits to employment compared with the provincial average.

As described in **Section 5.4**, we found that the employment supports for Ontario Works recipients offered by the four service managers we visited varied. Therefore, it is important for the Ministry to investigate the links between service manager employment supports and recipient employment outcomes to take action to improve results.

Figure 14: Ontario Works Performance Indicator Results, 2013/14–2017/18

Source of data: Ministry of Children, Community and Social Services

	2013/14	2014/15	2015/16	2016/17	2017/18
% of caseload exiting to employment	13	12	9	10	10
% of caseload with employment earnings	10	10	11	12	12
Average monthly employment earnings per case* (\$)	732	778	810	778	815

* A case refers to a single individual or a family unit on social assistance (for example, a family on social assistance is counted as one case).

Figure 15: Service Managers' Performance Indicator Results, 2017/18

Source of data: Ministry of Children, Community and Social Services

	% of Caseload Exiting to Employment	% of Caseload with Employment Earnings	Average Monthly Employment Earnings per Case (\$)
Province	10	12	815
Service Manager High	29	22	966
Service Manager Low	2	9	698

Ministry Does Not Publicly Report on Recipient Employment Outcomes

The Ministry reports various statistics about the Ontario Works program publicly on its website including the number of recipients on assistance; recipient demographics; the length of time recipients spend on assistance; and the percentage of recipients with earnings. However, the Ministry does not publicly report on the number and proportion of Ontario Works recipients who find employment each year. Reporting these results would provide Ontarians with information on the effectiveness of the program in helping individuals to get a job.

4.2.2 Ministry Does Not Have Targets to Reduce Rapidly Increasing Time Recipients Are on its Temporary Assistance Program

The intent of the Ontario Works program is to provide temporary financial assistance to those in need to help them find employment and become self-sufficient. However, we found that similar to our observations when we last audited this program in 2009, the Ministry has not defined what it

considers to be a temporary period. In addition, as shown in **Figure 3**, we found that recipient time on assistance has almost doubled, from an average of 19 consecutive months in 2008/09 to nearly three years in 2017/18.

Despite this trend, we found that the Ministry has not established province-wide or service manager specific targets and performance indicators for recipient time on assistance. It also does not currently have targets and performance indicators in place that measure the length of time it takes Ontario Works recipients to find employment. We noted that until 2015, the Ministry did have an indicator that measured how long it took recipients that left Ontario Works for employment to do so. However, the Ministry stopped tracking data and measuring outcomes for this indicator in 2015 in order to implement its Information Technology system, and it has yet to replace the indicator with a new one.

In other jurisdictions, we found that some Canadian provincial social assistance programs measure and report on an individual's time on assistance. For example, British Columbia's Income Assistance program reports the median time on assistance

for those it considers employable. In addition, the Saskatchewan Assistance Program reports on the percentage of individuals it deems employable who leave the program within six months.

Ministry Lacks Information to Explain Increasing Time on Assistance

We noted that the Ministry has data for the length of time on assistance province-wide and by service manager, but it does not regularly analyze and compare time on assistance to labour market conditions or to the demographics of recipients. Such comparison could improve its understanding of the reasons for the growing duration of time on assistance. In addition, the Ministry does not compare differences in time on assistance between service managers to determine whether these differences are reasonable and to take corrective action where they are not.

According to our analysis of Ministry data for 2017/18, the average length of time an individual spent on Ontario Works at one service manager could be more than twice as long as the average at another, depending on where in Ontario an individual lived. **Figure 16** shows the differences in the average length of time on assistance between service managers in Ontario.

Ministry Employment Indicators Do Not Measure Whether Recipients Find Stable Employment

The Ministry's current performance indicators relating to whether an individual has found employment do not measure whether recipients find stable employment. This is because these indicators do not make the distinction between those who temporarily leave Ontario Works—such as for

seasonal work or a temporary contract—and those who have found long-term employment. Individuals who are on and off Ontario Works for temporary work count as an exit to employment every time they leave the program. We noted that until 2015, the Ministry did have indicators that measured how long individuals who left the program for employment kept their job. However, the Ministry stopped tracking data and measuring outcomes for these indicators in 2015 in order to implement its Information Technology system and has yet to replace them with new ones.

Although the Ministry's current performance indicators do not track the proportion of individuals who leave Ontario Works for employment and remain employed, the Ministry provided us with a study it did that examined cases of recipients who left the program for employment between January and March 2013. The study found that 35% had returned to Ontario Works assistance by October 2014.

4.2.3 Ministry Lacks Performance Indicators to Measure and Improve Outcomes for Recipients with Significant Barriers to Employment

The Ministry requires service managers to assist recipients on Ontario Works to overcome barriers that hinder their ability to prepare for or search for employment. However, we found that the Ministry does not have performance indicators and related targets to measure the effectiveness of service managers' efforts in assisting recipients to overcome those barriers.

In our survey, almost 90% of service managers across the province identified mental health

Figure 16: Comparison of Average Number of Consecutive Months Recipients Are on Ontario Works, 2013/14–2017/18

Source of data: Ministry of Children, Community and Social Services

	2013/14	2014/15	2015/16	2016/17	2017/18
Provincial Average	24	27	32	34	35
Service Manager High	30	35	40	41	42
Service Manager Low	11	13	16	17	19

conditions or addictions as two of the most significant barriers to employment faced by individuals on their caseload. Other significant barriers reported by many service managers included homelessness and unstable housing and lack of education and skills. Service managers indicated that individuals with multiple barriers to employment often need to stabilize their life before trying to enter the job market.

According to our analysis of data from the Ministry, about 100,000 individuals, equivalent to approximately 36% of adults receiving Ontario Works as of March 31, 2018, had been categorized by their caseworker as needing to stabilize their life and requiring assistance to overcome their employment barriers. **Figure 17** shows the percentage of recipients on Ontario Works as of March 31, 2018, according to their category of current objective, such as stabilizing their life, training, finding employment, or retaining a job.

If service managers do not help these recipients that represent 36% of the adult caseload to progress in stabilizing their life, it is possible these individuals will not leave the Ontario Works caseload for employment for many years. But the Ministry does not measure these categories to see how successfully recipients are moving from one objective to the next and to eventual stable employment.

Another concern was that, as shown in **Figure 17**, about 10% of recipients (28,000) did not have an objective recorded in the Ministry's IT

Figure 17: Objectives of Ontario Works Recipients, March 2018

Source of data: Ministry of Children, Community and Social Services

	% of Total Recipients
Life stabilization	36
Preparing for employment	14
Training	7
Finding employment	26
Retaining employment	7
No objective	10
Total	100

system. We found that the Ministry does not require service managers to complete this information. As a result, this missing information limits the Ministry's ability to monitor the progress of these recipients toward obtaining employment and becoming self-sufficient.

RECOMMENDATION 3

To improve the effectiveness of the Ontario Works program in helping people to obtain employment and become self-sufficient, and to assess the effectiveness of the service managers it funds, we recommend that the Ministry of Children, Community and Social Services (Ministry):

- establish performance indicators and targets for recipients' length of time on assistance;
- establish performance indicators and targets to measure whether recipients obtain sustainable employment;
- establish performance indicators and targets that provide sufficient information to help the Ministry measure the progress of service managers in helping recipients resolve their barriers to employment;
- monitor the performance of the program and service managers to identify and take corrective action where targets and expectations are not being met; and
- publicly report on the effectiveness of the Ontario Works program in helping recipients to find and retain employment.

MINISTRY RESPONSE

The Ministry agrees with the recommendation. To support continuous quality improvement and spreading of best practices, the Ministry is developing a performance measurement framework with extensive input from service managers and people with lived experience. The framework will include indicators for recipients' length of time on assistance; sustainability of employment obtained; and measures of whether barriers to employment are being removed over time.

The framework is expected to be finalized by the end of 2018/19. Following its completion, the Ministry, in consultation with service managers, will establish targets for key accountability measures that align with the framework. These measures and the associated targets will be incorporated into service contracts by April 2020. The Ministry will then monitor the performance of the program and service managers to identify and take corrective actions where warranted. The Ministry will also explore and identify the appropriate mechanisms to report performance publicly.

RECOMMENDATION 4

To improve the efficiency and effectiveness of the Ontario Works program, which is intended to provide temporary assistance, we recommend that the Ministry of Children, Community and Social Services (Ministry) assess the suitability of the program as it is currently designed and take steps to improve its effectiveness in meeting the needs of recipients who have significant employment barriers and require extensive assistance to become employed, or who received assistance for lengthy periods of time without successfully obtaining employment.

MINISTRY RESPONSE

The Ministry agrees with the recommendation and acknowledges that improvements to the program can be made to support those with significant employment barriers. The Ministry will review the effectiveness of the Ontario Works program in supporting these recipients, which will include identifying opportunities with partner ministries such as Training, Colleges and Universities, Health and Long-Term Care, and Municipal Affairs and Housing to integrate local supports to help recipients find and maintain employment, with a focus on life stabilization interventions for those with significant barriers to employment.

4.3 Ministry Does Not Know Whether Service Managers are Delivering Ontario Works Cost-Effectively

4.3.1 Service Managers May Not Be Meeting Ministry Staff-to-Recipient Guidelines

As described in **Section 2.1.1**, the Ministry provides funding to service managers to cover the costs of delivering Ontario Works. However, we found that the Ministry does not obtain data on service manager staffing levels, such as the number of caseworkers employed, to analyze and assess whether service managers are staffed according to Ministry established guidelines, and allocate sufficient staff to deliver the Ontario Works program effectively.

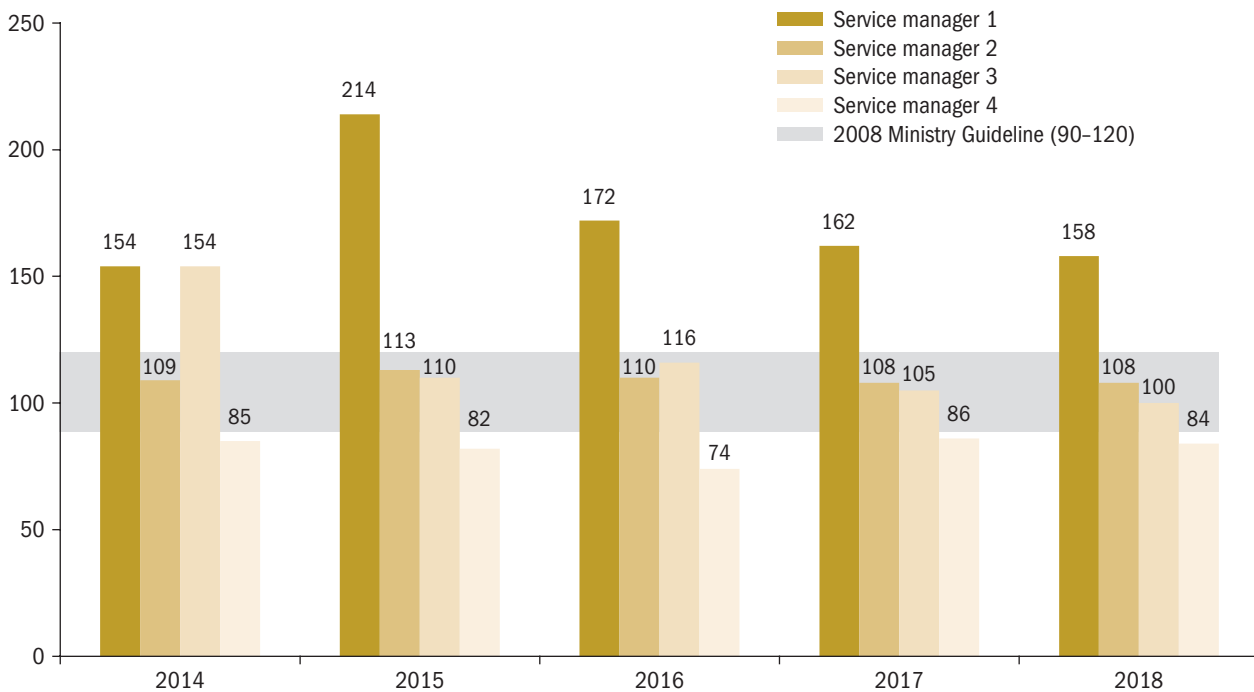
The Ministry established guidelines in 2008 that indicated a suitable caseload was between 90 and 120 recipients per Ontario Works caseworker. However, it does not require service managers to adhere to these guidelines—service managers can set their own staffing levels.

We obtained data on service manager staffing and determined that there are significant differences between service managers' caseworker-to-recipient caseloads. As illustrated in **Figure 18**, we found that the caseload at one of the service managers we visited was significantly higher than the caseload at all three of the other service managers we visited. In addition, we noted that this service manager's caseload—which reached as high as 214 cases per caseworker in 2015—significantly exceeded the Ministry's 2008 guidelines in each of the last five years.

The Ministry's guidelines also suggested that for recipients with significant barriers to employment, a lower recipient-to-caseworker ratio of 45:1 may be necessary. As of March 31, 2018, at the four service managers we visited, between 28% and 44% of adults in their Ontario Works caseloads were identified as requiring life stabilization activities, and therefore had significant employment barriers to overcome. Therefore, it is possible that all four

Figure 18: Average Annual Caseloads at Service Managers Visited by the Office of the Auditor General of Ontario, 2014–2018

Source of data: Ontario Works Service Managers



of the service managers we visited are exceeding what the Ministry considers an optimal recipient-to-caseworker ratio.

We note that service manager responses to our survey also identified concerns about caseloads. Many service managers explained that one of the challenges to effective delivery of the program was not being able to spend enough time with Ontario Works recipients. Responses indicated that staff face challenges dealing with recipients who have multiple barriers including mental health issues, addictions, literacy concerns, and lack of housing. Service managers told us that staff generally require more time to handle such cases.

4.3.2 Ministry Does Not Compare Differences in Service Manager Administration Costs to Determine if Reasonable

We found that there are significant differences between administration costs to deliver the Ontario

Works program at the service managers. As noted in **Section 2.1.3**, the Ministry funds at least 50% of service managers' administration costs. However, the Ministry does not analyze the costs to identify whether they are reasonable and if not, what corrective measures are needed. As well, the Ministry has not investigated the impact of these differences on the quality of services provided to Ontario Works recipients.

We analyzed and compared service managers' administration costs (see highs, lows and averages in **Figure 19**) and found differences between service managers, including significant differences that ought to be followed up by the Ministry. Specifically, we found costs for internal services, such as legal, accounting and human resources, averaged less than \$100 per Ontario Works case at 21 (45%) service managers, whereas at 12 service managers the cost per case was over \$200, and as high as \$700 at one service manager.

Figure 19: Service Manager Program Delivery Costs per Ontario Works Case, January to December 2017 (\$)

Source of data: Ministry of Children, Community and Social Services

	Office Accommodation ¹	General Office Expenditures ²	Technology ³	Internal Services ⁴
Provincial Average	166	96	67	196
Service Manager High	373	439	246	700
Service Manager Low	67	23	6	4

1. Includes costs such as annual rental of a building.
2. Includes costs such as furnishings, building maintenance, telephone and postage.
3. Includes computer hardware, software, networks, operating costs, and maintenance.
4. Includes costs associated with administration services such as legal, accounting and human resources.

RECOMMENDATION 5

To ensure that service managers deliver the Ontario Works program efficiently and effectively, we recommend that the Ministry of Children, Community and Social Services (Ministry):

- collect, analyze and compare service manager staffing and recipient caseloads both among service managers and with Ministry guidelines, and then to follow up on significant differences to identify promising practices and instances that require corrective action to improve outcomes;
- compare the costs of service managers to deliver the Ontario Works program to understand and identify the reasons for such differences and to take corrective action where necessary; and
- evaluate whether the proportion of service managers' program delivery costs that it funds is effective in improving outcomes for Ontario Works recipients.

MINISTRY RESPONSE

The Ministry agrees with the recommendation. To ensure that service managers are delivering the program efficiently and effectively, the Ministry will undertake a review of service managers' caseworker-to-recipient ratios as well as staffing models to identify promising practices

as it relates to improving outcomes for recipients in a cost-effective manner. The Ministry will also undertake a robust analysis of service managers' delivery expenditures to identify and share best practices as well as ongoing monitoring of expenditures to ensure that spending is conducive to achieving recipient outcomes. These reviews will be completed by the second quarter of 2020/21.

The Ministry is also undertaking a review of the current Ontario Works program delivery funding model. This review will consider a new model that reflects the most effective approach to cost sharing to maximize recipient outcomes. This review will be completed by the second quarter of 2020/21.

4.4 Ministry Efforts to Prevent Overpayments and Improve Their Collection is Limited

As of March 31, 2018, \$730 million in outstanding overpayments to recipients remain uncollected, representing an increase of \$100 million from the total of \$630 million in overpayments that were outstanding as of March 31, 2014. **Figure 20** illustrates new annual overpayments, recoveries, and write-offs in each of the last five years, including whether they relate to active or inactive (former) recipients.

Overpayments of financial assistance to recipients occur when an individual receives a payment greater than the benefit the individual was entitled to receive. There are a variety of reasons for overpayments, ranging from delays in reporting changes to personal and financial circumstances, failure to disclose relevant financial information, misrepresentation of relevant personal and financial facts, and administrative errors.

4.4.1 Ministry Requires Service Managers to Reassess Eligibility Only Every 24 Months, Increasing the Risk That Overpayments Remain Undetected

In January 2012, the Ministry revised its policy for how frequently service managers are required

to reassess a recipient's eligibility to continue to receive Ontario Works benefits from every 12 months to every 24 months. However, we found that one of the four service managers we visited had its own policy to continue to perform eligibility reassessments every 12 months in order to better prevent large overpayments that could otherwise occur if changes in recipient circumstances go undetected. In addition, in response to our survey, more than 15% of service managers said that their policy for financial reassessments continued to be every 12 months. As described in **Section 4.4.3**, identifying overpayments as early as possible while a recipient is still receiving assistance can increase the proportion of overpayments that a service manager can successfully recover.

Figure 20: Overpayments 2013/14–2017/18 (\$ million)

Source of data: Ministry of Children, Community and Social Services

	Beginning Balance April 1	New Overpayments	Recoveries	Write-offs	Adjustments*	Ending Balance March 31
2013/14						
Active	134	69	(52)	0	(13)	138
Inactive	463	52	(33)	(2)	12	492
Total	597	121	(85)	(2)	(1)	630
2014/15						
Active	138	187	(138)	(2)	12	197
Inactive	492	56	(32)	(50)	(16)	450
Total	630	243	(170)	(52)	(4)	647
2015/16						
Active	197	131	(93)	(2)	(43)	190
Inactive	450	86	(79)	(2)	39	494
Total	647	218	(172)	(4)	(5)	684
2016/17						
Active	190	98	(91)	(3)	(24)	170
Inactive	494	59	(46)	(2)	22	527
Total	684	157	(137)	(5)	(2)	697
2017/18						
Active	170	82	(60)	0	(20)	172
Inactive	527	55	(39)	(3)	18	558
Total	697	137	(99)	(3)	(2)	730

* Adjustments primarily relate to changes in the status of Ontario Works recipient cases with overpayments between active and inactive.

The Ministry told us that it revised its policy for financial reassessments from 12 months to 24 months because it planned to require service managers to supplement these reassessments with its Eligibility Verification Process (described in **Section 2.5**). This verification process had service managers review recipient files that the Ministry identified as most at risk of being ineligible. However, the Eligibility Verification Process was suspended for more than two years, between November 2014 and March 2017, and the verification process is still not functioning as intended (see **Section 5.1.4**).

Ministry Does Not Track Whether Service Managers Complete Financial Eligibility Reassessments

As discussed in **Section 5.1.3**, at the service managers we visited we found that caseworkers did not always complete financial eligibility reassessments within the 24-month timeframe required by the Ministry. In our follow-up in 2011 to our *2009 Annual Report*, the Ministry advised us that the new, more effective computer system that it was going to develop would be able to identify non-compliance with program requirements such as completing financial eligibility reassessments. However, we found in this audit that the Ministry has not ensured that all service managers use the current information system (Social Assistance Management System) in a way that would enable the Ministry to track when an Ontario Works recipient's eligibility was reassessed. Therefore, the Ministry is unable to determine whether all service managers complete these reassessments within the required two-year period and take the necessary corrective action.

4.4.2 Underlying Causes of Overpayments Not Tracked, Limiting Ability of Service Managers to Prevent Them

We found that service managers do not have the ability to record in their information systems the reason that overpayments occur. The reason for overpayments is determined by the Ministry's IT system, but these system-generated reasons are too general to understand why an overpayment occurred. Without data to understand the most common systemic causes of overpayments, along with data to analyze how caseworkers or the information system identified the overpayment, service managers are unable to identify how to prevent or reduce systemic overpayments in the future.

As a result, service managers were only able to tell us anecdotally what they thought the most common causes of overpayments were. According to service manager responses to our survey, the most common reason for overpayments was due to undeclared income or assets by the recipient. Other common reasons included unreported changes to the recipient's circumstances, such as a spouse or child moving out, and recipient incarcerations.

Service managers also reported that caseworkers can make mistakes when inputting recipient information, leading to overpayments, and that the complexity of the IT system—the Social Assistance Management System—contributes to this.

RECOMMENDATION 6

To reduce the number and size of overpayments to recipients, we recommend that the Ministry of Children, Community and Social Services (Ministry):

- revisit its decision that extended the timeframe for reassessing recipient eligibility from every 12 months to every 24 months with a view to selecting a risk-based time period that most effectively prevents overpayments; and

- enhance its systems and processes to determine and record the cause of overpayments to enable service managers to analyze and take action to minimize their occurrence.

MINISTRY RESPONSE

The Ministry agrees with the recommendation and that action should be taken to reduce the occurrence of overpayments where possible, and will be undertaking the following in 2019/20, to support enhanced efforts in the prevention and timely detection of overpayments:

- enhancing its data analytics capacity as well as third-party information sharing to identify high risk cases; and
- increasing the number of eligibility reviews completed on cases with a higher likelihood of overpayments.

In addition, the following initiatives are part of the Ministry's service delivery modernization plan that the Ministry expects will have an impact on reducing the occurrence of overpayments:

- introducing flexible and convenient service channels (e.g., online) for recipients to report earnings and changes in circumstances in a timelier manner; and
- streamlining the process for accessing federal benefit programs for recipients aged 65 and older to reduce the occurrence of overpayments.

The Ministry also acknowledges that information on the reasons for overpayments would help service managers take appropriate action in addressing their occurrence and will determine the best means to collect this information, analyze results and ensure action is taken by the end of 2019/20.

4.4.3 Ministry Could Have Assisted Service Managers to Recover Millions More in Overpayments

We found that across all service managers, 76% of outstanding overpayments had been made to individuals who were no longer Ontario Works recipients. We also found that service managers recover significantly fewer overpayments from former recipients than from current recipients. As of March 31, 2018, total outstanding overpayments were \$730 million. Of that, 76%, or \$558 million, relate to inactive (former) Ontario Works recipients as shown in **Figure 20**. Ministry data shows that during 2017/18, service managers collected just \$39 million, or 7%, of the \$582 million related to inactive accounts. However, during this same period, they collected \$60 million, or 24%, of the \$252 million related to active accounts.

We noted that service managers can recover overpayments of financial assistance to individuals who are receiving assistance through automated deductions from future payments until the overpayment is repaid. However, for individuals who no longer receive assistance, recovery of overpayments is generally time consuming and requires more effort. Therefore, identifying overpayments as early as possible while individuals are still actively receiving Ontario Works benefits can increase the proportion of overpayments recovered by service managers.

At Least \$35 Million of Overpayments Could Have Been Recovered but Plan to Increase Debt Repayment Rate from 5% to 10% Cancelled

Service managers can seek a rate of repayment up to 10% on overpayments, but generally charge active recipients 5%. In July 2015, the Ministry received Treasury Board approval to increase the default recovery rate for overpayments to active Ontario Works recipients from 5% to 10%. However, it later decided not to go ahead with the planned change due to concerns about the impact on recipients.

The Ministry estimated that if the 10% default recovery rate had been implemented, it would have recovered additional overpayments of at least \$35 million between April 2016 and March 2018 from active Ontario Works recipients.

Increasing the rate of recovery for overpayments also increases the chances that the government will recover a larger proportion of the overpayments since the proportion of total overpayments recovered from active recipients in 2017/18 was more than three times that recovered from former recipients.

Ministry Did Not Act on Advice to Use CRA's Collection Program to Recover Millions More from Former Recipients

In our *2009 Annual Report*, we recommended that the Ministry evaluate the merits of referring overpayments owed by inactive recipients from the service managers for collection to the Canada Revenue Agency's Refund Set-Off program (Program). In our *2011 Annual Report* follow-up, the Ministry advised us that a working group it had established to review overpayment policies and practices had recommended that this Program be expanded to all service managers because the amounts collected exceeded the costs of the collection efforts. However, the Ministry did not take steps to implement the Program across all service managers to help recover overpayments from former recipients.

Currently, only one service manager uses this Program. From 2013 to 2017 (the most recent data available), the service manager has recovered overpayments totalling \$4.5 million from over 6,000 individuals that otherwise would have been difficult to recover because the individuals were no longer receiving financial assistance from Ontario Works. This service manager told us that this is an example of an efficient and cost-effective means to collect overpayments.

The Program works in the following way: Ontario Works overpayments are debt due to the

service managers, but at the Ministry's discretion, they may also be deemed debt due to the provincial government. In such cases, the service manager can transfer overpayment cases to the Ministry's Financial Service Unit for collection through the Canada Revenue Agency's Program. Under this Program, the Canada Revenue Agency acts as a collection agency for the Province by intercepting an individual's income tax refund, GST rebate and provincial tax credits, and transferring that money to the Province to repay the Ontario Works overpayment.

We noted that the Ministry of Finance also uses this Program to collect Ontario Student Assistance loans from individuals who have defaulted on their repayment.

4.4.4 Ministry Has Limited Oversight of Service Managers' Effectiveness Recovering Overpayments

Ministry Cannot Determine the Amount of Overpayments It Recovers from Recipients

Ministry data from SAMS indicates that overpayments to recipients total almost \$900 million in the last five years. However, the Ministry confirmed that there may be invalid overpayments and is unable to determine what proportion of the \$900 million relates to these invalid overpayments. As described in our *2015 Annual Report on SAMS—Social Assistance Management System*, in 2014/15 and 2015/16 overpayments increased because of problems during the implementation of this system.

Figure 20 illustrates the substantial increases to overpayments in these years. As a result, the Ministry gave service managers the ability to input arrears (money owed to recipients from the program) into SAMS in order to be able to offset overpayments recorded in error. For example, in order to cancel a \$1,000 erroneous overpayment, the service manager could input a debt of \$1,000 from the program to the recipient to offset the overpayment. While this example does not indicate

a true overpayment, the \$1,000 overpayment and recovery would be included in the Ministry's data on total overpayments and recoveries in **Figure 20**.

The Ministry advised us that the system-related issues that were causing the creation of erroneous overpayments have been resolved. Nevertheless, the Ministry informed us that there are still valid scenarios in which caseworkers should manually reduce overpayments by inputting arrears into SAMS. We found that the Ministry does not monitor service managers' continued use of this override to reduce overpayments.

Because the Ministry is unable to determine what proportion of overpayments and recoveries recorded each year relate to these manually offset overpayments, total recoveries may not reflect actual recoveries from Ontario Works recipients. As a result, the Ministry cannot accurately monitor, compare or assess service managers' effectiveness in recovering overpayments.

Ministry Does Not Review the Effectiveness of Service Managers' Practices for Recovering Overpayments

We found that the Ministry does not review the effectiveness of service managers' practices for recovering overpayments, despite the fact that service managers recover overpayments at rates that differ significantly. In 2017/18, recovered amounts ranged from an average of \$160 per case at one service manager, to an average of \$2,700 at another service manager.

This lack of oversight can have an impact on the amount of money recovered and paid back to the government. In addition, starting in January 2018, the Ministry now funds 100% of payments to Ontario Works recipients (discussed in **Section 2.1.3**). As a result, any money owed by current or former recipients is due in full to the Province.

The Ministry requires service managers to attempt to recover inactive recipients' overpayment debt through voluntary repayment plans and

through the use of a private debt collection agency if service managers choose to use one. In our survey, only six of the Province's 47 service managers reported that they use a collection agency. Therefore, while it is possible that recovery rates could appear to be higher than they are due to caseworkers creating arrears to offset overpayments (as described earlier in this section), the Ministry should still follow up on these differences between service managers and take necessary action to improve recovery rates.

RECOMMENDATION 7

To increase the rate at which service managers recover overpayments, and to have the necessary information to assess service manager efforts to recover overpayments, we recommend that the Ministry of Children, Community and Social Services (Ministry):

- analyze and reconsider increasing the default recovery rate from active Ontario Works recipients to the extent that it does not cause undue financial hardship;
- expand the use of the Canada Revenue Agency's program to recover overpayments from former recipients through tax refunds;
- implement the necessary changes to its systems to separate overpayments to, and recoveries from recipients recorded in error; and
- review and compare service manager practices to recover overpayments to determine if they are effective, and to take corrective action where they are not.

MINISTRY RESPONSE

The Ministry agrees with the recommendation and that the recovery of overpayments can be improved. By the end of 2019/20, it will assess the impact of increasing the default recovery rate from active Ontario Works recipients to the extent that it does not cause undue financial hardship on recipients. Also by the end of

2019/20, in consultation with service managers, the Ministry will:

- complete an assessment of expanding the use of the Canada Revenue Agency's program from former Ontario Works recipients. Options and recommendations will be developed based on this assessment, and will take into consideration cost benefit, and potential policy, process and technology changes;
- identify opportunities to enhance overpayment recovery practices, systems, and reporting methods to separate overpayments to and recoveries from recipients recorded in error;
- review and compare current processes and practices for recovering overpayments from Ontario Works recipients and share best practices with all service managers to facilitate corrective action; and
- develop and review options for most effective management and collection of overpayments from individuals who are no longer social assistance recipients.

4.5 Ministry Efforts to Ensure Only Eligible Applicants Receive Funding for a Special Diet are Insufficient

As described in **Section 2.3**, the special diet allowance is available to recipients and their families who require a special diet due to an approved medical condition. The Ministry has identified that the sustainability of the special diet allowance, which it provides to both Ontario Works and Ontario Disability Support Program recipients, is a significant concern, as the take-up rate and expenditures continue to grow. For Ontario Works, province-wide, the total amount spent on the special diet allowance in 2017/18 was \$77 million, and the average number of monthly Ontario Works cases receiving the allowance was approximately 40,000, representing 16% of the caseload. This compares

with \$67 million and approximately 30,000 cases representing 15% of the caseload in 2008/09.

The Ministry also advised us that it is aware that the special diet allowance is not always administered as intended, and that some recipients may be using it to supplement their monthly income rather than to pay for extra dietary costs associated with a particular medical condition.

In our *2009 Annual Report*, we also highlighted the possible abuse of the special diet allowance through applicants visiting health-care professionals who were known to be predisposed to approve such requests.

In our follow-up in the *2011 Annual Report*, the Ministry advised us that it had begun to use its IT system to identify questionable trends in a timely manner so that action could be taken. However, it has been four years since the last time the Ministry carried out an assessment of the special diet uptake and trends, including engaging medical experts to help identify improbable trends.

As we discuss in the following sections, we noted numerous concerns that highlight the need for additional Ministry oversight of the special diet allowance.

4.5.1 More than 25% of Ontario Works Cases at One Service Manager Receive Diet Allowance Compared with 13% Across the Rest of the Province

We analyzed data provided to us by the Ministry and identified that at one of the service managers we visited, which has the largest caseload in Ontario, 26% of Ontario Works cases in 2017/18 were receiving an allowance for a special diet. By comparison, our analysis identified that for the rest of the Province's 46 service managers, an average of just 13% of Ontario Works cases received an allowance for a special diet.

Some Doctors Authorizing Disproportionate Number of Special Diet Applications

We analyzed the number of special diet applications completed between January 2015 and March 2018 at the service manager with the largest caseload in Ontario and found that a small number of doctors had authorized a disproportionate number of applications compared with other doctors in the same geographic area, and elsewhere in the Province. Our analysis indicated that between January 2015 and March 2018 ten individuals (nine doctors and one dietician) approved 23% of all applications at this service manager. One doctor in particular approved 6% of all applications.

We found that six of these doctors had been subject to disciplinary action from the College of Physicians and Surgeons of Ontario (College) for a variety of allegations and charges, including one for signing off on special diet applications that recipients did not require. We also identified that another doctor who had signed off on the most special diet applications in the province during this period had a disciplinary hearing notice issued against him dated June 2018. Some of the charges against him relate to special diet applications, these include:

- submitting and endorsing applications for the special diet allowance for individuals he had either not assessed or not properly assessed;
- accepting cash payments from individuals seeking execution of special diet allowance forms;
- directing special diet allowance applicants to undergo diagnostic imaging in the absence of medical indications; and
- directing special diet allowance applicants to undergo diagnostic imaging at facilities where he held a financial interest.

The Ministry was not aware of the disciplinary hearing scheduled for this doctor and had not issued instructions to service managers to flag special diet applications from this doctor pending the outcome of the hearing. Service managers have the option to confirm the need for a special diet by

requesting an additional application completed by a different health-care professional.

4.5.2 Prevalence of Health Conditions Requiring a Special Diet Among Recipients Several Times Greater than National Rate

Wheat and milk allergies are among the most common reasons why Ontario Works recipients are given a special diet allowance. We compared the prevalence of allergies to wheat and milk among Ontario Works recipients to published estimates for the Canadian population as a whole and found that the prevalence of these allergies among Ontario Works recipients is many times higher.

According to a national research network on allergic diseases established by Innovation, Science and Economic Development Canada, while the rate of self-reported allergy to any food is around 7.5%, the self-reported allergy to milk and wheat is just 0.7% and 0.4% across Canada. In contrast, we found that 4% of all Ontario Works recipients were receiving a special diet allowance for an allergy to milk, and 5% were receiving a special diet allowance for an allergy to wheat. More significantly, at the service manager with the largest Ontario Works caseload, 9% of recipients received a special diet allowance for an allergy to milk, and 12% were receiving an allowance for an allergy to wheat.

RECOMMENDATION 8

So that all Ontario Works recipients are treated fairly and only receive allowances for a special diet if they have a medical condition that requires it, we recommend that the Ministry of Children, Community and Social Services (Ministry) review the proportion of recipients that the special diet allowance is provided at different service managers to:

- identify, investigate, and address improbably high trends in the proportion of recipients who receive the special diet allowance; and

- reinforce with service managers the need to be diligent in providing the special diet allowance, and in the case of unusual trends, request medical records or a second application completed by a different health-care professional.

MINISTRY RESPONSE

The Ministry agrees with the recommendation and will review special diet allowance approval trends by the beginning of 2019/20, and take steps to address identified areas of concern. The Ministry will also take immediate action to reinforce with service managers the Ministry's expectations when approving special diet allowances, including following up on irregularities that were identified over the course of the Auditor General's audit. This includes requesting medical records or a second application completed by a different health-care professional.

RECOMMENDATION 9

We recommend that the Ministry of Children, Community and Social Services (Ministry) work with the College of Physicians and Surgeons of Ontario (College) and that the Ministry:

- refer physicians to the College suspected by service managers and the Ministry of approving questionable applications for a special diet allowance;
- work with the College to share information with the Ministry on physicians that the College is currently investigating or has previously sanctioned in regard to the special diet application; and
- distribute to all service managers a list of doctors the Ministry suspects of approving questionable applications for a special diet allowance, including doctors the College is investigating or has previously sanctioned.

MINISTRY RESPONSE

The Ministry agrees with the recommendation and will take immediate action to review the integrity of the special diet allowance to identify anomalies in regard to the approval and provision of the allowance, including questionable applications. The Ministry will take appropriate action, including working with the College of Physicians and Surgeons of Ontario, where warranted, and share information with both the College and delivery partners wherever possible.

4.6 Service Managers Offer Different Benefits, Resulting in Inequities Across the Province

The Ministry allows service managers to determine which discretionary benefits they wish to provide and in what amount. However, we found that the Ministry is not aware of the extent of the differences between service managers or the impact of such differences on recipients.

At the four service managers we visited, we found that the discretionary benefits Ontario Works recipients were eligible to receive varied. For example, we found that two service managers offered orthotics and orthopaedic footwear, one service manager offered orthotics only, and the other service manager did not provide either orthotics or orthopaedic footwear. We also identified differences in what service managers provided for baby supplies. For example, one service manager offered up to \$500 per child to purchase a crib, \$500 to purchase a bed where an infant has outgrown a crib, up to \$250 per child to purchase a car seat, and \$250 to purchase a stroller. Conversely, another service manager offered one-time allowances for new-born babies of \$260 for a crib and \$100 for clothing.

In addition, we noted that there are differences between service managers' total expenditure for discretionary benefits. Service managers can bill

the Ministry for funding of up to \$10 per Ontario Works case per month for discretionary benefits. However, we found that in 2017/18, approximately one-third of service managers contributed additional municipal funding and spent more than the maximum funding made available by the Ministry, with four service managers spending at least 30% more than the funding allocation from the Ministry. In contrast, two-thirds of the service managers spent less than the funding allotted by the Ministry, with four service managers spending less than half of the maximum funding.

RECOMMENDATION 10

So that Ontarians in financial need are treated fairly and have access to benefits that support their progression towards employment regardless of where in Ontario they seek assistance from the Ontario Works program, we recommend that the Ministry of Children, Community and Social Services (Ministry):

- review and analyze the differences in discretionary benefits provided by service managers, and their impact on recipient outcomes; and
- based on this analysis, establish guidelines for issuing these benefits to support local decision-making.

MINISTRY RESPONSE

The Ministry agrees with the recommendation. The Ministry will undertake an analysis on the provision of discretionary benefits across service managers to identify local strategies that have had a positive impact on recipient outcomes to support local decision-making by the second quarter of 2020/21. Based on this analysis, the Ministry will develop best practice guidelines that will be used where applicable, when discussing performance concerns with service managers as part of the Ministry's broader efforts in improving the employment outcomes of recipients, and monitoring service manager performance.

4.7 Service Managers Not Satisfied with IT System for Recipient Case Management

Although the Ministry has spent over \$290 million to develop and implement the Social Assistance Management System (SAMS) to manage social assistance programs, including Ontario Works, 45 service managers (96%) reported in our survey that they were not satisfied with SAMS for recipient case management.

The service managers indicated that SAMS is not designed to record and track key information they need to effectively manage the progress of their Ontario Works recipients. For example, although service managers can record notes about individual recipients in SAMS, they cannot generate reports on these notes to analyze recipients' skills, barriers to employment, or referrals to training or community services for their entire caseload. This recipient information can only be reviewed in SAMS on a case-by-case basis.

Without this data, service managers face challenges to understand the profile of recipients on their caseload, track recipients' progress or design suitable training or employment programs to help their recipients work toward obtaining employment.

Service Managers Using Their Own IT and Manual Systems, Leading to Additional Costs

SAMS was launched in 2014 and has been set up at all 47 service managers. Costs to maintain and operate SAMS are over \$50 million annually. Nevertheless, we found that one of the four service managers we visited had developed its own IT system for case management. Another service manager we visited was planning to purchase its own IT system. The use of an alternative system creates additional costs and causes inefficiencies due to the need to maintain information in more than one system. The service manager that was planning to purchase a case management system estimated that it would cost about \$550,000 to do so.

In addition, approximately one-third of service managers also reported in our survey that they use alternative software or track recipients' skills, referrals, progress, and appointments manually using spreadsheets. Some service managers were doing this before SAMS but retained these methods because SAMS did not have the functions that they needed.

RECOMMENDATION 11

To ensure that service managers are able to monitor and track recipients' progress toward finding employment, we recommend that the Ministry of Children, Community and Social Services (Ministry) improve its systems to strengthen its case management capabilities for service managers to better track recipients' skills, barriers to employment, referrals to employment and community programs, and recipient progress.

MINISTRY RESPONSE

The Ministry agrees with the recommendation and acknowledges that the range of tools used by service managers to monitor recipients' progress toward finding employment can be enhanced. The Ministry will work with service managers to identify opportunities to enhance systems, tools and reporting capabilities by the start of 2020/21. As the operator of Employment Ontario, which delivers employment and training services to Ontarians, the Ministry will also engage the Ministry of Training, Colleges and Universities in this work as part of our broader efforts to integrate local employment services to help recipients find and maintain employment.

4.8 Information Affecting Recipient Eligibility is Not Consistently Verified with the Federal Government

We found that the Ministry does not always confirm whether individuals receiving Ontario Works continue to live in Canada, or are legally entitled to reside in Canada, both of which are requirements to be eligible for Ontario Works.

We noted that the Ministry has an agreement with the federal government's Immigration, Refugees and Citizenship Canada (IRCC) to obtain information on the immigration status of Ontario Works recipients, including:

- removal orders from Canada, indicating that an individual may no longer be legally allowed to remain in Canada; and
- the date an individual with a removal order left Canada.

However, we found that the Ministry does not use this agreement to check that all recipients of Ontario Works (who cannot demonstrate their legal status in Canada) are still eligible or should be terminated because they are no longer legally permitted to remain in Canada or have already been removed from the country. Service managers can request these checks from the IRCC on a case-by-case basis at their discretion, but the Ministry does not know how often they do so.

We reviewed Ontario Works recipient data in the Ministry's Social Assistance Management System (SAMS), and identified over 500 individuals where there is a risk that they may no longer be eligible for Ontario Works. For example, we found that there were individuals who have been receiving financial assistance for several years and are listed in SAMS as a refugee claimant. Given the extent of time, these individuals should have had their claim assessed and if accepted be identified in SAMS as a permanent resident; otherwise, if rejected, they would no longer be eligible and should be terminated from Ontario Works. In addition, we also identified that some of these recipients had

not met their caseworker in over one year to update their participation agreement even though there is a requirement for caseworkers to meet with recipients every three months.

We asked the Ministry to request that the IRCC check the status of these 500 individuals. However, the Ministry informed us that because the arrangement it has in place with the IRCC involves using a manual process to check the immigration status of individuals on a case-by-case basis, the IRCC would not be able to check the 500 individuals and only be able to check 50 individuals in the timeframe needed to complete our audit work. Although the IRCC subsequently completed checks on the 50 individuals, the Ministry informed us that the IRCC decided it would not release the full results of these checks to the Ministry because they had been requested for the purposes of our audit rather than for the Ministry's oversight of Ontario Works. As a result, the information the Ministry obtained was limited to summary results on the immigration status of these individuals. These summary results identified eligibility concerns for one quarter of these individuals for which the Ministry requires additional information from the IRCC to confirm their eligibility. Therefore, we were unable to complete our work in this area.

In addition, as part of our audit, we also asked the Ministry if it was able to obtain information from the federal government's Canada Border Services Agency (CBSA) to find out details about the travel history of other Ontario Works recipients. The Ministry informed us that it does not currently have an information sharing agreement with the CBSA and therefore cannot check whether Ontario Works recipients are in the country.

RECOMMENDATION 12

To confirm that only eligible individuals receive financial assistance from Ontario Works, we recommend that the Ministry of Children, Community and Social Services (Ministry):

- identify recipients with risk factors related to their eligibility and utilize its agreement with the federal government to validate the immigration status of these recipients. Where recipients are determined to be ineligible for Ontario Works, take appropriate action to terminate them and recover any overpayments;
- work with the federal government to increase the efficiency of their information sharing to allow for timely checks of the immigration status of all applicable Ontario Works recipients; and
- work with the Canada Border Services Agency to establish an information sharing agreement to obtain information about the travel history of Ontario Works recipients and to identify recipients who are no longer eligible for Ontario Works.

MINISTRY RESPONSE

The Ministry agrees with the recommendation. It is currently engaged with Immigration, Refugees and Citizenship Canada in an effort to modernize its information sharing practices with the goal of a fully automated information exchange to enable more timely exchange of information, reduce administrative effort, and improve the overall efficacy of information exchange processes.

The start of implementation is targeted for the second quarter of 2019/20. It involves centralization at the Ministry, of status validation activities, which will serve to enhance the Ministry's capacity to identify cases with immigration statuses that may constitute risk relative to Ontario Works eligibility, and improve the overall processing time in instances where a change in status renders a recipient ineligible for Ontario Works. The Ministry will use this information to identify individuals who are not eligible for Ontario Works and close their Ontario

Works case, as well as to identify and recover overpayments made to these individuals.

In addition, the Ministry agrees that opportunities exist to improve verification that recipients are meeting the immigration status requirements for the program. The Ministry will assess options, such as the establishment of a data sharing arrangement with the Canada Border Services Agency, to accomplish this. The Ministry has targeted completion of this assessment by the end of 2019/20.

5.0 Detailed Audit Observations: Service Managers

5.1 Service Managers Do Not Consistently Assess Recipients' Relevant Information to Ensure They are Eligible

5.1.1 Required Third-Party Verification Checks Not Always Completed to Confirm Recipients are Eligible

Service managers are required to check whether information provided by applicants regarding their assets and income is accurate by using outside sources, such as the Canada Revenue Agency and Equifax Canada Inc. They are also required to do a similar verification when they reassess financial information provided by current recipients to ensure that they are still eligible for the program and are receiving the appropriate financial assistance. However, similar to the observations in our *2009 Annual Report*, we found service managers frequently do not undertake third-party verifications.

Our review of a sample of Ontario Works recipient files at three of the four service managers we visited identified that no third-party verification checks were completed during the application

process in 15% to 70% of the files. The remaining service manager informed us that it decided not to complete any third-party verification checks from 2014 to the end of 2017 unless it identified a specific reason to do so in individual applicant cases.

We noted that when the Ministry last reviewed service manager files in 2011, it required that service managers complete at least one third-party verification to deem the file compliant. However, the Ministry still does not monitor to ensure that service managers are meeting that requirement. The Ministry also does not prescribe which specific third-party verification checks service managers must complete, although it identified the Canada Revenue Agency and Equifax Canada as the most important resources during the application process. Using data provided by the Ministry, we found that service managers across Ontario had used the Canada Revenue Agency as a resource for fewer than one-quarter of all new applications between June 2012 and May 2018.

Our survey of Ontario's 47 service managers identified that service managers across Ontario have different policies for which third-party verification checks to do, particularly during an individual's application. For example, all but two service managers required a third-party verification check with Equifax Canada to verify applicant information. However, just 43% of service managers reported that they required verification of applicant income and other related eligibility information with the Canada Revenue Agency's tax information. **Figure 21** shows the number and proportion of service managers that reported that they require key third-party verification checks both to confirm applicant information and when reassessing recipients for their ongoing eligibility for Ontario Works.

Figure 21: Service Managers' Policies for Using Third-Party Verification Checks

Prepared by the Office of the Auditor General of Ontario

Type of Third-Party Check	# of 47 Service Managers Doing Mandatory Check	% of 47 Service Managers Doing Mandatory Check
At Initial Application		
Canada Revenue Agency	20	43
Equifax Canada	45	96
Ministry of Transportation	7	15
Ontario Student Assistance Program	7	15
Employment Insurance	25	53
National Child Benefit Supplement	17	36
At Financial Eligibility Review		
Canada Revenue Agency	32	68
Equifax Canada	39	83
Ministry of Transportation	11	23
Ontario Student Assistance Program	4	9
Employment Insurance	19	40
National Child Benefit Supplement	12	26

Note: Results are based on the responses from the 47 service managers across the province to a survey conducted by the Office of the Auditor General of Ontario.

5.1.2 Caseworkers Often Overlook Critical Applicant Information, Increasing Risk of Errors Determining Eligibility

We found that Ontario Works caseworkers did not always obtain documents that established an applicant's eligibility for the program—such as documents that prove the applicant was legally entitled to reside in Canada. We also found that caseworkers did not always investigate red flags in applications, leading to potential mistakes in determining an applicant's eligibility for the program and the correct amount of financial assistance.

We reviewed Ontario Works recipient case files at the four service managers we visited and found that in approximately 20% to 60% of these files, caseworkers either did not obtain or did not review relevant application information.

Instances at the service managers we visited included the following:

- An applicant's spouse provided a work permit document as evidence of permanent residency status in Canada. The caseworker failed to identify that individuals with work permits are classified as temporary residents (visitors) for the purposes of the Ontario Works program and are not eligible for financial assistance. The spouse was included as a member of the benefit unit and the applicant received financial assistance based on the higher rate available to couples. The couple received financial assistance payments from January 2016 up until the time of our audit. Furthermore, in February 2017, the caseworker provided \$405 to the recipient's spouse for the renewal of their work permit. We estimate that the service manager over-paid this recipient by approximately \$9,200 between January 2016 and May 2018.
- For a family of seven (two adults and five children), there was no evidence on file, such as a Permanent Resident Card or valid passport,

to prove their status in Canada, which is a requirement to be eligible for Ontario Works. The service manager confirmed that the caseworker had failed to obtain the required documents. In addition, the recipient may not have declared all of their business interests as required. We found that the recipient appears to have an interest in two active businesses. However, this individual had only declared one of the two businesses to their caseworker. Social media posts indicate that the recipient's businesses are active; however, the recipient has not reported any income to their caseworker in the last two years. This family may not be eligible for Ontario Works if their income exceeds the permitted thresholds or if they do not have residency status in Canada. This family has received \$41,116 since September 2016 when they applied for Ontario Works.

5.1.3 Not All Service Managers Reassess Recipients' Eligibility to Ensure Only Those Eligible for the Program Receive Assistance

Ministry policy requires that caseworkers meet with Ontario Works recipients at least once every two years to review their financial information to ensure that they remain eligible for Ontario Works. At two of the four service managers we visited, we found that in 20% to 35% of the files we reviewed, caseworkers had not met with recipients at least once every two years to obtain updated information and assess whether the recipients continued to be eligible for Ontario Works, and the amount of financial assistance they were receiving. We found that the remaining two service managers we visited did a good job of reviewing the continued eligibility of recipients at least once every two years, as required.

RECOMMENDATION 13

So that only people who are eligible for Ontario Works receive financial assistance and in the correct amount, we recommend that service managers:

- work with the Ministry of Children, Community and Social Services (Ministry) to confirm and formalize the requirement to use the third-party verification checks that will be most effective in verifying an individual's financial circumstances;
- take steps to reinforce the requirement that caseworkers review and document their review of all relevant information required by the Ministry when determining applicant eligibility and financial assistance; and
- reassess the ongoing eligibility of Ontario Works recipients in the time period required by Ministry policy.

RESPONSE FROM SERVICE MANAGERS

The audited service managers agree with the recommendations. All four service managers will work with the Ministry and other service managers to identify and then establish the use of the third-party verification checks that are most effective in verifying the financial circumstances of Ontario Works applicants and recipients.

All four service managers also agree to take further action to ensure that caseworkers understand the steps they are required to take to determine applicant eligibility and financial assistance and reinforce the requirement to do so. Further steps to ensure that the ongoing eligibility of Ontario Works recipients is re-assessed every 24 months will be taken by the two service managers that did not consistently meet this requirement. The remaining two service managers are committed to continuing to re-assess the ongoing eligibility of recipients either every 12 months, or every 24 months as required by the Ministry.

5.1.4 Service Managers Did Not Complete High-Risk Targeted Eligibility Reviews Assigned to Them by the Ministry

Between November 2014 and March 2017, the Ministry suspended its Eligibility Verification Process (described in **Section 2.5**) that had service managers review recipient files that the Ministry identified as most at risk of being ineligible to focus on implementing the Social Assistance Management System (SAMS) IT system.

The Ministry reintroduced the process in April 2017. However, we found that between April 2017 and March 2018, service managers across Ontario completed only 57% of the 43,650 eligibility verification cases assigned to them within the 2017/18 year as required. In addition, service managers cancelled 14% of the cases assigned to them if they determine that the Ministry should not have selected the case for review, for example if the client had moved to another Ontario Works office.

The four service managers we visited completed reviews for approximately 19,000 cases. The percentage of reviews completed varied from 88% at one service manager, to 28% and 24% at two of the others.

We found that the Ministry does not have a process in place to assess whether service managers review cases assigned to them effectively, or whether service managers only cancel the review of cases when it is appropriate. In addition, we found that the Ministry did not take any action against service managers who did not complete the eligibility verification cases assigned to them.

Completing the eligibility verification cases is important because the process often results in significant changes to eligibility, which affects payments to recipients. For example, in 2017/18, the first fiscal year the process was reinstated, 18% of the completed reviews (about 4,500 cases) resulted in service managers identifying overpayments totalling \$10.8 million, and 17% of the completed reviews (about 4,200 cases) resulted in the recipient being terminated.

RECOMMENDATION 14

So that only eligible recipients are provided with Ontario Works financial assistance and in the correct amount, and to prevent overpayments to recipients from increasing, we recommend that service managers complete the eligibility verification reviews assigned to them by the Ministry of Children, Community and Social Services (Ministry) on a timely basis.

RESPONSE FROM SERVICE MANAGERS

The audited service managers agree with the recommendation. Eligibility verification reviews are an important step in ensuring only eligible individuals receive Ontario Works and to minimize overpayments. All four of the service managers agree to take steps to ensure completion of the reviews assigned to them by the Ministry on a timely basis. Two service managers also commit to providing ongoing feedback to the Ministry on its process to select eligibility verification cases for review, to maximize the efficient use of their resources, and/or to address issues that cause overpayments.

5.1.5 Service Managers Do Not Investigate Fraud Tips Promptly to Ensure Only Those Eligible for the Program are Receiving Assistance

As of March 2018, Ontario's 47 service managers had a backlog of approximately 6,000 fraud tips that were on average approximately one year old that they had not reviewed or investigated. We also found that investigated fraud tips often result in identifying recipient overpayments and terminating ineligible recipients.

Service managers may receive allegations of fraud from either external or internal sources. For example, members of the public can provide tips

through the Ministry's Welfare Fraud Hotline if they suspect someone is receiving Ontario Works assistance that they are not eligible for. Internally, service manager staff can make a referral for a fraud investigation if they discover apparent discrepancies in a recipient's case.

Once a tip is received, the Ministry requires that service managers:

- complete a review of the fraud tip within 30 days of receiving it;
- if further investigation is warranted, complete an investigation within six months of completing the review; and
- if evidence of potential fraud is found, refer the case to the police (discussed below).

If an investigation confirms recipients received funds that they were not entitled to, service managers will reduce the recipients' assistance or terminate the case if they are found to be ineligible and set up an overpayment to recover the overpaid assistance.

The Ministry's data indicates that between January 2015 and March 2018, service managers across Ontario completed approximately 17,000 reviews and fraud investigations. We reviewed data from the Social Assistance Management System on the outcomes of these reviews and investigations and identified that more than 25% of them resulted in the service manager identifying an overpayment and 10% resulted in the service manager terminating the recipient.

However, as of March 2018, more than 6,000 fraud tips had not been reviewed that were on average a year old, including approximately 2,000 fraud tips at the four service managers we visited. Province-wide, we found that approximately 90% of these 6,000 referrals had not been reviewed within the required 30 days, including 90% of the 2,000 referrals at the service managers we visited, to determine whether further investigation was warranted. Furthermore, about 45% of the fraud tips had not been reviewed for more than a year, including 44% of the 2,000 outstanding referrals at the service managers we visited. Among these

outstanding tips, the most common reasons for the tips were suspected undeclared income and incarceration. Ontario Works recipients who are incarcerated are not eligible to receive assistance; service managers receive notifications from correctional services informing them of recipients who are incarcerated.

If fraud tips are not reviewed within the 30-day requirement, there is a risk that ineligible people could be receiving payments for a long period of time, leading to the need to recover even larger overpayments when the service manager completes the investigation. For example, one of the service managers we visited received two incarceration tips in 2015 based on the Ministry's information-sharing agreement with the Ministry of Community Safety and Correctional Services. The tips indicated that a recipient had been incarcerated. The service manager completed its investigation almost two years later in July 2017 and found that the recipient was incarcerated from July 2015 to October 2016. While incarcerated, this individual continued receiving monthly social assistance payments. The investigation resulted in finding an overpayment of approximately \$10,200. Had the service manager commenced an investigation earlier, the size of the overpayment could have been reduced.

In our 2009 Annual Report, we also reported that service managers did not follow up on fraud tips in a timely manner. Despite the Ministry advising us at that time that it would improve fraud investigation processes through the development of additional oversight tools, the Ministry has still not addressed this issue.

Service Managers Not Following Ministry Policies Regarding Referrals to Police

We also found significant differences among Ontario's 47 service managers in the number of referrals to police concerning suspected fraud by recipients relative to the number of fraud tips received by the service manager for investigation.

Five service managers reported in our survey that they had not referred any cases of suspected

Ontario Works fraud to the police. This included one of the four service managers we visited that had received approximately 1,700 fraud referrals and completed 1,000 investigations since 2015. The service manager explained that it does not refer cases of suspected fraud to the police for prosecution because it believes that investigating social assistance fraud is not one of the local police services' priorities. In comparison, another service manager that responded to our survey received just 88 fraud referrals since 2015, completed 71 investigations and referred 20 cases to the police. This service manager indicated that since 2011, 85% of cases it referred to the police resulted in a conviction. We contacted this service manager who advised us that their staff are well trained and are able to gather evidence and present a complete and accurate case to the authorities, and that they have an excellent relationship with the local police, prosecutors and judges.

The Ministry's policies state that if there is sufficient evidence to suspect intent to commit fraud, service managers must refer these cases to the police for investigation and possible prosecution under the Criminal Code. In addition, Ministry policy requires every service manager to develop protocols and procedures with the local police services and the Crown Attorney's Office for the effective investigation and prosecution of cases of suspected social assistance fraud. In our survey of service managers, we found that only 60% had such a protocol in place, which includes three of the four service managers we visited.

RECOMMENDATION 15

To ensure that only eligible individuals receive Ontario Works financial assistance and that overpayments to recipients are identified and minimized, we recommend that service managers take steps to:

- review and investigate allegations of fraud within the Ministry of Children, Community and Social Services' required timeframe; and

- refer cases of suspected fraud to authorities for investigation and prosecution.

RESPONSE FROM SERVICE MANAGERS

The audited service managers agree with the recommendations. All four service managers commit to ensuring that internal processes and procedures are in place to review and investigate fraud allegations within the timeframes required by the Ministry of Children, Community and Social Services (Ministry) to help identify and minimize overpayments to Ontario Works recipients. One of the service managers also commits to working with the Ministry to improve the quality and usability of the management information relating to fraud referrals available to service managers. Three of the service managers committed to continuing to refer cases of suspected fraud to authorities for investigation and prosecution; the remaining service manager will formalize and document a better process through a memorandum of understanding with their Police Services department to allow for the investigation of suspected fraud cases.

5.2 Decisions to Waive Recipient Participation Requirements Are Questionable When Not Supported with Evidence

At the four service managers we visited, our review of recipient files found examples where the requirement for individuals to participate in activities to work toward obtaining employment had been deferred without appropriate documentation to support the deferral. This varied from about 5% of recipient files we reviewed at one service manager, to 40% of the files at another. For example:

- A recipient who was not required to participate in employment assistance activities between February 2017 and

February 2018 due to “Injury, illness or disability.” However, the file had no medical documentation in support of the deferral.

- The requirement for a recipient to participate in employment activities was deferred between May 2016 and October 2017 because the recipient declared that he was a caregiver for his wife. However, there was no written confirmation from a doctor on file regarding care-giving assistance as required by the Ministry. This individual subsequently provided a medical note in April 2018 in support of continuing his deferral from participating in employment activities, but we found that the doctor’s note did not confirm these care-giving responsibilities. The service manager agreed with our assessment of the information contained in the medical note and committed that it would follow up with this individual to rectify the matter.

Figure 22: Ontario Works Recipients Deferred from Employment Activities, March 2018

Source of data: Ministry of Children, Community and Social Services

Reason for Deferral	#	
	Deferred	%
Sole support parent with pre-school-aged child	13,456	26
Caregiver for a family member	3,207	6
65 years of age or older	659	1
Other exceptional circumstances:		
Injury, illness or disability	26,903	51
Pregnancy and/or parental leave	4,637	9
Receiving Workplace Safety and Insurance Board benefits	9	0
Foster parent with child placement	49	0
Victim of family violence	205	0
Family medical leave	100	0
Under house arrest	123	0
Administrator approved*	3,431	7
Total	52,779	100

* Administrator approved deferrals relate to any other exceptional circumstances where the service manager administrator is satisfied that any degree of participation is impractical.

20% of Recipients Deferred from Participating in Employment Support Activities

We analyzed data from the Ministry’s Social Assistance Management System that indicates that as of March 2018, 20% of all Ontario Works recipients were deferred from participating in employment support activities. **Figure 22** identifies the number of participants that caseworkers had granted a deferral from participation to, and the reason for the deferral, and **Figure 23** illustrates the average length of deferrals.

Figure 23: Average Length of Deferrals from Participation in Employment Activities, March 2018

Source of data: Ministry of Children, Community and Social Services

Months	# of Participants	
	Deferred	% of Total Deferred
Less than 3	24,425	46
4-6	12,575	24
7-12	8,420	16
13-24	5,054	10
25+	2,305	4
Total	52,799	100

RECOMMENDATION 16

To help Ontario Works recipients progress toward obtaining sustainable employment, we recommend that service managers take steps to ensure that they only waive the requirement to participate in employment support activities in eligible circumstances when supported by the necessary documentation.

RESPONSE FROM SERVICE MANAGERS

The audited service managers agree with the recommendation. All four service managers agree to review their processes and to take steps (such as providing training to caseworkers and conducting audits) to ensure that caseworkers only defer Ontario Works recipients from participating in employment support activities in appropriate instances that are clearly supported with the necessary documentation.

5.3 Service Managers Do Not Always Work with Recipients to Help Them Progress Toward Obtaining Employment as Required

5.3.1 Caseworkers Do Not Consistently Meet with Recipients to Ensure They Reach Goals

Based on our review of a sample of recipient files at the four service managers we visited, we found that in 20% to 50% of the files we reviewed, caseworkers did not meet with recipients on a timely basis to review and update their participation agreements as recipients progressed toward their goals or their circumstances changed.

The participation agreement is a plan that sets out the employment activities that the recipient will undertake. Ministry policy requires that caseworkers meet with recipients to review their participation agreement at least once every three, four or six months. Periods of four to six months require a documented explanation for extending the review period.

We found that in several of the cases we reviewed, it had been longer than one year since caseworkers had met with recipients to review and update their participation agreements. In some of these cases, the recipients' only activity was an independent job search. This included a case where there was no update to a recipient's participation agreement for a period of approximately three years, during which time the recipient's only approved employment assistance activity was to search for a job.

We reviewed Ministry data for recipients across all service managers and found that as of March 2018, 17% of recipients with participation agreements have independent job search as their only activity assigned by their caseworker. For nearly half of these participants, an independent job search has been their only activity for six months or longer; for one-quarter of these participants it was longer than a year. The average length of time these participants have been

receiving Ontario Works financial assistance is nearly three years. Considering that these participants have been removed from the job market for a significant length of time, independent job search alone may not be sufficient to help them obtain employment.

5.3.2 Ontario Works Recipients are Not Always Assigned Required Employment Activities

At three of the four service managers we visited, we found that in 5% to 15% of the files we reviewed, caseworkers had not assigned employment activities to recipients whose requirement to participate in such activities had not been deferred. As a result, there was no evidence that these individuals were working toward obtaining employment as required.

We analyzed data from the Ministry's Social Assistance Management System for all Ontario Works recipients in the province that indicates that as of March 2018 approximately 46,500 adults did not have employment support activities assigned to them. These recipients, who account for about 20% of adults receiving Ontario Works that have not been deferred, are required to participate in employment support activities. This includes between 5% and 19% of recipients at the four service managers we visited. The Ministry advised us that at the time of our audit it had not yet instructed service managers to address this issue and ensure that recipients are assigned activities to work toward obtaining employment.

RECOMMENDATION 17

To help Ontario Works recipients to progress toward becoming self-sufficient and find employment, we recommend that service managers take steps to:

- meet with recipients regularly in accordance with the Ministry of Children, Community and Social Services (Ministry) requirements

to review and update their participation agreements; and

- assign appropriate employment support activities to all participants.

RESPONSE FROM SERVICE MANAGERS

The audited service managers agree with the recommendations. To help Ontario Works recipients progress toward obtaining employment, all four service managers agree to ensure that caseworkers meet with recipients on a timely basis in accordance with Ministry requirements to review and update recipient participation agreements. All four service managers also commit to taking steps to ensure that caseworkers assign appropriate employment support activities to all participants, with the exception of those deferred.

5.4 Employment Supports and Recipient Employment Results Differ Between Service Managers

5.4.1 Participation in Employment Placement and Job Specific Skills Programs is Low Despite Higher Employment Success Rates

As shown in **Figure 12**, service managers are required to provide Ontario Works recipients access to a range of employment activities. At the four service managers we visited, we obtained information about the employment support programs (employment placements and job specific skills training) they offered to recipients. These programs ranged in length from several days to several weeks, with the goal of helping recipients to obtain employment. Examples of such programs included:

- **Security and Protective Services Training:** A five-week course designed to teach general security guard duties, including six months

of post-program support to help participants obtain employment.

- **Warehouse Operations Training:** A training program in warehouse operations and material handling, including a six-month work placement at the conclusion of training.

We found that the number of such programs offered by the service managers we visited ranged from three to approximately 50. In addition, the percentage of Ontario Works recipients participating in these programs at all four service managers ranged from just 2% to 5%. Across all four service managers we visited, the number of those finishing such training programs who found employment ranged from approximately 50% to more than 75%.

The proportion of recipients finding employment after completing these programs is significantly higher than the provincial average for recipients leaving Ontario Works for employment, which in 2017/18 was just 10% (see **Section 4.2**.) It is also much higher than the percentage leaving the program from these four service managers, which ranged from 2% to 15% in 2017/18.

Two of the four service managers we visited told us they would offer more capacity in these programs if their Ontario Works employment assistance funding was increased. However, one of these service managers also noted that there are local constraints such as the capacity of local delivery partners to accommodate more participants. At one of the service managers we visited, an external review completed in 2014 determined that more employment programs were needed to help recipients find employment. Since this review, this service manager has started two pilot programs to help more recipients to obtain employment.

5.4.2 Many Recipients Referred to Employment Ontario but Service Managers have Limited Information on Their Success

In addition to offering employment support programs funded through Ontario Works, the

service managers we visited told us that they refer recipients to Employment Ontario. Employment Ontario delivery agents, funded by the Ministry of Training, Colleges and Universities, provide employment and training services and related information for job seekers.

Although three service managers could tell us the percentage of recipients they referred to Employment Ontario, which ranged from 8% to 14% of their caseload, only one was able to provide information to us on the success of the recipients they referred. Service managers told us that once a client is referred to Employment Ontario, the Employment Ontario delivery agent has no requirement to report to Ontario Works service managers on the outcomes of their clients.

The 2012 report by Don Drummond and the Commission on the Reform of Ontario's Public Services, *Public Services for Ontarians: A Path to Sustainability and Excellence*, recommended streamlining and integrating employment services, such as those offered by Ontario Works with Employment Ontario. Additionally, the 2012 report from the Commission for the Review of Social Assistance in Ontario, *Brighter Prospects: Transforming Social Assistance in Ontario*, recommended that the Province expand the number of municipalities, where there is interest and capacity, designated as Employment Ontario deliverers. We noted that one of the service managers we visited had been designated as an Employment Ontario delivery agent. This service manager highlighted several benefits to being a delivery agent, including increased communication between the staff of the two programs, shared cost in training for staff, joint job fairs, and a larger network of employer relationships. While this service manager's local area had a similar unemployment rate to the other three service managers we visited, it had the highest percentage of recipients exiting to employment in 2017/18 at 15%.

RECOMMENDATION 18

To increase the proportion of Ontario Works recipients who obtain employment, we recommend that service managers:

- take steps to identify opportunities to increase the proportion of recipients referred to employment supports that have successfully assisted recipients to obtain employment; and
- investigate the possibility and assess the merits of becoming a delivery agent for Employment Ontario.

RESPONSE FROM SERVICE MANAGERS

The audited service managers agree with the recommendations. To help more Ontario Works recipients to both obtain employment and become self-sufficient, all four service managers agree to take steps to explore and identify opportunities to increase the number of recipients they refer to employment supports, particularly those supports that have already proven successful in assisting recipients to obtain employment. The three service managers that are not already delivery agents for Employment Ontario agree to investigate the possibility and assess the merits of becoming a delivery agent for Employment Ontario; one of these service managers plans to present the results of their review to their Board in 2019. Another service manager also indicated that it planned to work with the Ministry of Children, Community and Social Services, and Employment Ontario, to develop an integrated assessment and referral process for individuals that includes outcome tracking and mandatory reporting.

RECOMMENDATION 19

To help increase the proportion of Ontario Works recipients who obtain employment, we recommend that the Ministry of Children,

Community and Social Services (Ministry) work with the Ministry of Training, Colleges and Universities to:

- share information between Employment Ontario and Ontario Works that would help service managers to monitor the progress of Ontario Works recipients they refer to Employment Ontario services in obtaining employment; and
- investigate opportunities to integrate the employment services offered by Ontario Works and Employment Ontario.

MINISTRY RESPONSE

The Ministry agrees with the recommendation, and it will work with the Ministry of Training, Colleges and Universities to:

- share information between Employment Ontario and Ontario Works that would help service managers to monitor the progress of Ontario Works recipients they refer to Employment Ontario services; and
- identify opportunities to integrate local employment services offered by Ontario Works and Employment Ontario, to help recipients find and maintain employment.

Appendix 1: 2017/18 Ministry Funding and Service Manager Caseloads

Source of data: Ministry of Children, Community and Social Services

Service Manager	# of Local Offices	Total Funding (\$ million)	% Share of Total Funding	Average Monthly Caseload	% Share of Caseload
Toronto Region					
Toronto CMSM ¹	15	918.2	30.9	75,230	30.1
Toronto Total	15	918.2	30.9	75,230	30.1
Central Region					
Dufferin CMSM	1	6.4	0.2	538	0.2
Halton CMSM	4	25.3	0.9	2,006	0.8
Peel CMSM	2	241.3	8.1	18,736	7.5
Simcoe CMSM	8	56.2	1.9	5,329	2.1
Waterloo CMSM	3	112.6	3.8	9,183	3.7
Wellington CMSM	3	24.9	0.8	2,091	0.8
York CMSM	4	59.5	2.0	5,744	2.3
Central Total	25	526.2	17.7	43,627	17.4
East Region					
Cornwall CMSM	3	20.5	0.7	1,970	0.8
Durham CMSM	5	98.7	3.3	8,454	3.4
Hastings CMSM	4	31.0	1.0	2,496	1.0
Kawartha Lakes CMSM	2	17.6	0.6	1,510	0.6
Kingston CMSM	2	29.2	1.0	2,602	1.0
Lanark CMSM	3	14.4	0.5	1,037	0.4
Leeds and Grenville CMSM	3	18.9	0.7	1,593	0.7
Northumberland CMSM	1	9.4	0.3	763	0.3
Ottawa CMSM	5	246.7	8.3	19,802	7.9
Peterborough CMSM	1	39.9	1.3	3,536	1.4
Prescott and Russell CMSM	2	12.0	0.4	999	0.4
Prince Edward-Lennox and Addington CMSM	4	10.4	0.3	830	0.3
Renfrew CMSM	4	15.0	0.5	1,321	0.5
East Total	39	563.7	18.9	46,913	18.7
North Region					
Algoma DSSAB ²	4	8.5	0.3	685	0.3
Cochrane DSSAB	6	18.7	0.6	1,454	0.6
Greater Sudbury CMSM	1	35.6	1.2	3,385	1.4
Kenora DSSAB	7	8.0	0.3	608	0.2
Manitoulin-Sudbury DSSAB	5	6.5	0.2	530	0.2
Muskoka CMSM	1	10.7	0.4	837	0.3
Nipissing DSSAB	3	27.9	0.9	2,241	0.9
Parry Sound DSSAB	2	9.5	0.3	718	0.3
Rainy River DSSAB	2	1.8	0.1	219	0.1

Service Manager	# of Local Offices	Total Funding (\$ million)	% Share of Total Funding	Average Monthly Caseload	% Share of Caseload
North Region (Continued)					
Sault Ste. Marie DSSAB	1	25.9	0.9	2,191	0.9
Thunder Bay DSSAB	8	33.1	1.1	2,905	1.1
Timiskaming DSSAB	2	9.3	0.3	684	0.3
North Total	42	195.5	6.6	16,457	6.6
West Region					
Brant CMSM	1	25.1	0.8	2,002	0.8
Bruce CMSM	1	6.4	0.2	554	0.2
Chatham-Kent CMSM	1	30.9	1.0	2,552	1.0
Grey CMSM	1	15.0	0.5	1,327	0.5
Hamilton CMSM	4	145.2	4.9	12,297	4.9
Huron CMSM	1	5.7	0.2	441	0.2
Lambton CMSM	1	33.4	1.1	2,952	1.2
London CMSM	2	141.9	4.8	12,206	4.9
Niagara CMSM	5	108.5	3.6	9,767	3.9
Norfolk CMSM	2	14.9	0.5	1,254	0.5
Oxford CMSM	1	13.7	0.5	1,271	0.5
St. Thomas CMSM	1	15.8	0.5	1,417	0.6
Stratford CMSM	1	7.5	0.3	658	0.3
Windsor CMSM	2	93.1	3.1	8,086	3.2
West Total	24	657.1	22.0	56,784	22.7
First Nations	n/a	145.2	4.9	11,281	4.5
Adjustment for prior year funding		(30.5)	(1.0)		
Total	145	2,975.4	100	250,292	100

1. Consolidated Municipal Service Manager (CMSM).
2. District Social Services Administration Board (DSSAB).

Appendix 2: Estimated Costs Attributable to Ontario Works Policy Changes, 2013/14–2020/21 (\$ million)

Source of data: Ministry of Children, Community and Social Services

	Introduced	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
A \$200 monthly flat-rate earnings exemption is introduced. (Earnings above \$200 per month continue to be subject to a 50% exemption)	Sept 2013	18.6	33.4	35.0	35.0	35.0	35.0	35.0	35.0
Asset limit is increased to \$2,500 for singles, \$5,000 for couples and an additional \$500 for each additional dependent	Sept 2013	1.0	6.0	11.0	11.0	11.0	11.0	11.0	11.0
Child support payments no longer treated as income for purposes of calculating financial assistance	Feb 2017				8.1	48.6	47.5	47.5	47.5
Asset limits are increased for single adults from \$2,500 to \$10,000; and for couples from \$5,000 to \$15,000	Sept 2017					0.4	3.6	6.1	6.1
Total		19.6	39.4	46.0	54.1	95.0	97.1	99.6	99.6

Appendix 3: Ontario Works Mandatory and Discretionary Benefits, 2018

Source of data: Ministry of Children, Community and Social Services

Benefits	Health-Related	Non-Health Related
Mandatory	<ul style="list-style-type: none"> • assistive devices, batteries and repairs • dental coverage for dependent children residing in First Nations communities • diabetic and surgical supplies • drug coverage • extended health benefits • eye examinations • travel and transportation for medical purposes • vision care for children 	<ul style="list-style-type: none"> • advance (up-front) child care • full-time employment benefit • guide dog benefit • other employment and employment assistance activities benefit • transition child benefit
Discretionary	<ul style="list-style-type: none"> • child care to attend a medical appointment • dental care for adults • energy and water conservation measures • funerals and burials • prosthetic appliances • vision care for adults 	<ul style="list-style-type: none"> • moving expenses • special services, items or payment on a case-by-case basis • travel and transportation • vocational training

Appendix 4: Audit Criteria

Prepared by the Office of the Auditor General of Ontario

Service Managers

1. Applications for Ontario Works assistance are processed and reviewed on a timely basis, and appropriate decisions on eligibility are reached.
2. Payments to recipients for basic needs, shelter, and mandatory benefits are correctly calculated and issued on a timely basis to eligible recipients. Discretionary benefits are granted based on demonstrated need, and the amounts issued are reasonable and comparable for similar circumstances.
3. Ontario Works recipients are provided with appropriate and effective employment assistance activities suited to their needs and local labour market conditions to assist them to find sustainable employment.
4. Effective oversight processes are in place to ensure the Ontario Works program is delivered in accordance with legislative and Ministry of Children, Community and Social Services (Ministry) policy requirements and to provide the Ministry with accurate operational, performance and financial data.
5. Effective processes are in place to support the prevention and detection of fraud and for the timely recovery of overpayments.
6. Service managers measure, evaluate and report on the effectiveness of their program delivery in helping people in temporary financial need find employment. Corrective action is taken on a timely basis when issues are identified.

Ministry of Children, Community and Social Services

1. The Ministry has effective information systems and oversight processes in place to assess whether service managers are delivering the Ontario Works program efficiently and effectively, in accordance with legislative and program requirements, and funding is used for intended purposes.
2. Meaningful performance measures and targets are established for the Ontario Works program. Results are monitored and compared against targets to ensure that the intended outcomes of the program are achieved. Corrective action is taken on a timely basis when issues are identified.