

Office of the  
Provincial Auditor  
of Ontario



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To the Chair and Members,  
Standing Committee on Public Accounts

I am pleased to transmit my report on our review of the Intensive Early Intervention Program for Children with Autism, requested by your Committee on April 8, 2004, pursuant to Section 16 of the *Audit Act*.

A handwritten signature in black ink, appearing to read 'Jim McCarter'.

Jim McCarter, CA  
Acting Provincial Auditor

Toronto, Ontario  
November 4, 2004

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**Report on the Review for  
the Standing Committee on Public Accounts**

**INTENSIVE EARLY INTERVENTION PROGRAM  
FOR CHILDREN WITH AUTISM**

**November 4, 2004**



**Office of the Provincial Auditor of Ontario**

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# REVIEW MANDATE

On April 8, 2004, the Standing Committee on Public Accounts passed the following motion:

...as per section 16 of the *Audit Act*, the public accounts committee directs the Provincial Auditor to fully examine the government's intensive early intervention program for children with autism including, for example:

- 1) why there was no increase in the number of children receiving program services (516) between June 2002 and December 2003, despite a \$4 million increase in the budget for the program over the same period of time;
- 2) why the cost per client has increased so dramatically from August 2, 2001 to December 15, 2003 (example: in the SWR [South West Region], the cost per client was \$33,220 on August 2, 2001; \$50,000 on June 1, 2002; and \$76,850 on December 15, 2003);
- 3) why the average cost per child to deliver [program services] has been estimated to be \$55,000 by economists retained by the Ministry of the Attorney General for the Wynberg-Deskin court cases, while the regional range to deliver [program services] per child is \$65,746 as of December 2003;

and that the Provincial Auditor report to the public accounts committee with his findings and recommendations as soon as possible.

During the Committee's discussions about the above motion, a number of other concerns relating to the Intensive Early Intervention Program for Children with Autism (Program) were raised by Public Accounts Committee (Committee) members as follows:

- Why were actual program expenditures less than amounts budgeted at a time when 1,100 children were waiting for service?
- What are the differences between the direct-service delivery model, whereby the Ministry of Children and Youth Services provides funding directly to agencies for the provision of program services, and the direct-funding model, whereby the Ministry provides funds to parents so they can hire their own therapists? Is one model more cost effective than the other?
- What are the cost implications of the Ministry's practice of funding lead agencies that in turn subcontract with other agencies to provide program services?
- What was the extent of lost hours of program service (that is, fewer program hours provided to children than the number of hours approved), and what happened to the money allocated for these services?
- What is the status of actions taken on the recommendations resulting from the external review of a service provider undertaken in response to ministry concerns?
- Are performance measures in place to determine whether the Program is achieving the intended results?



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# BACKGROUND

Children with autism have difficulties in verbal and nonverbal communication and difficulties in forming social relationships; they display restricted and repetitive interests and behaviour. The Program's purpose is to improve the communication and social skills of autistic children with the aim of enabling them to participate more fully in society.

Children within Ontario who have been diagnosed with autism by a doctor and are five years of age or under can be referred to the Program and placed on a waiting list. However, only those children with autism or a disorder that would be considered to be located towards the more severe end of the autism spectrum disorder continuum are eligible for program services. This requires a comprehensive eligibility assessment by a clinical psychologist to determine the severity of symptoms. In some cases, this eligibility assessment is not undertaken until the regional service provider determines that it has the capacity and funding to provide service to the child.

Once a child has been assessed and is accepted into the Program, an individual service plan is developed that specifies the type and level of services to be provided. Program services are delivered to a child by an instructor therapist in intensive one-on-one sessions, usually in the child's home. Children over the age of six are not eligible to begin the Program.

Parents are given the choice of obtaining these program services from either a ministry-funded service provider (the direct-service option) or a qualified, private-sector provider (the direct-funding option).

If the direct-service option is selected, instructor therapists are hired and paid for by the service agency. The service-provider agency also provides ancillary services such as parent training, as well as resource materials used in the Program.

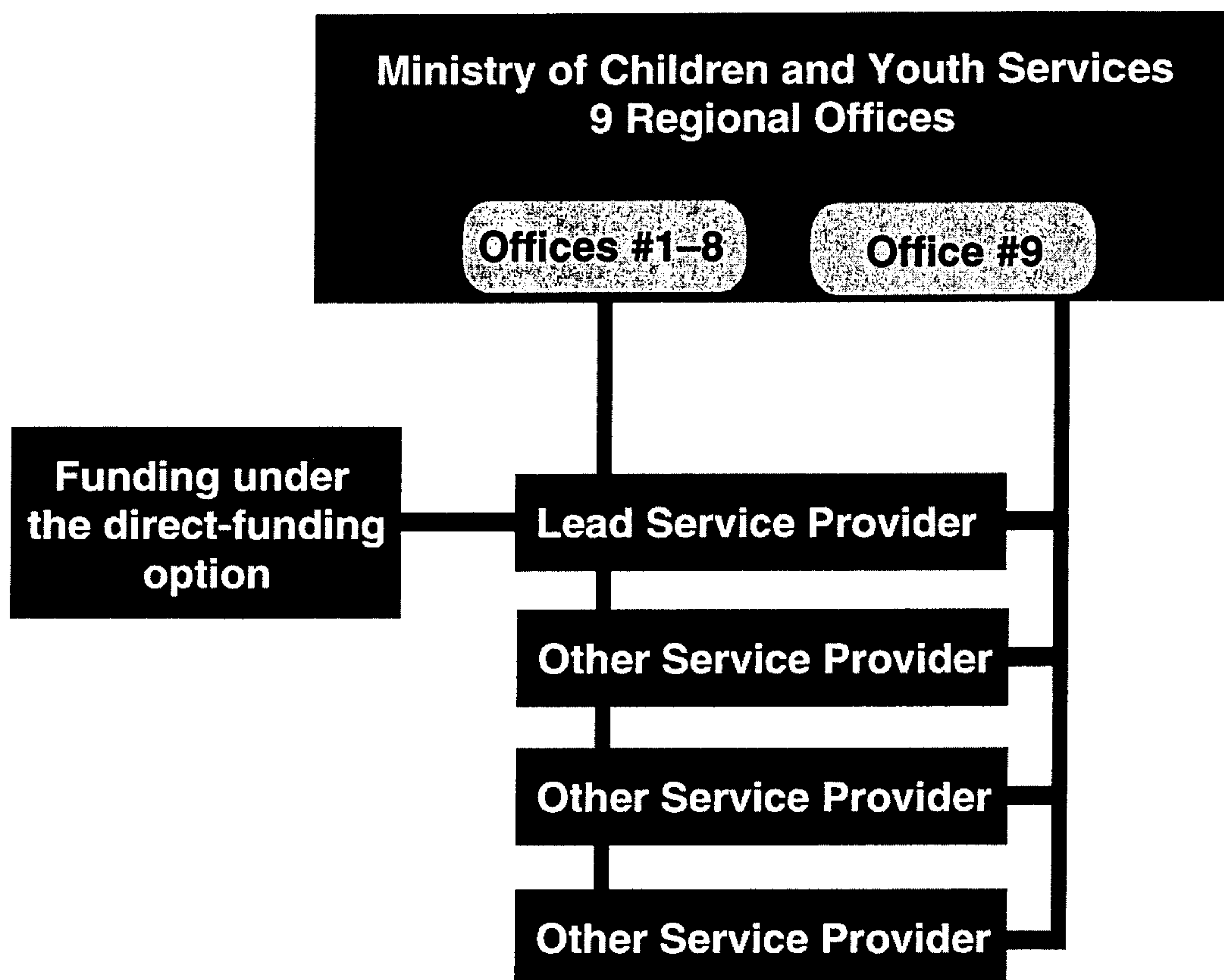
If the direct-funding option is selected, the parents enter into a funding agreement with the lead service-provider agency in their region. Four times a year, the parents are provided with advance funding for the upcoming quarter, based on an hourly rate established by the agency multiplied by the number of program hours outlined in the child's individual service plan. While some ancillary services are still provided by the lead agency, certain others are not, and those that are not are usually not funded under this option. At the end of each quarter, parents submit therapist invoices and other information on their expenditures, such as the number of program hours received, to the lead agency in the region to allow the lead agency to account for its payments to parents and recover any unspent funds.

Access to program services is limited by the availability of existing funding and program capacity, with the result that waiting lists for program services are lengthy. Ministry records indicated that, as of March 31, 2004, about 1,200 children were on the waiting list, and 547 children were receiving program services.

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The Program was established in 1999 by the Ministry of Community and Social Services. Since the 2003/04 fiscal year, the voted appropriation and responsibility for the Program has been with the Ministry of Children and Youth Services (Ministry).

The following flow chart shows the funding and contracting relationships between the Ministry and service-provider agencies.



*Prepared by the Office of the Provincial Auditor*

As the chart shows, in eight of its nine regional offices, the Ministry enters annually into a funding agreement with a lead service-provider agency. In addition to providing program services themselves, these lead agencies also subcontract the provision of these services to other agencies in their regions. In the ninth region, the Ministry does not utilize a lead service provider for contracting; rather, it directly enters into an annual funding agreement with each agency that provides program services in that region.

Prior to the beginning of our review, parents of autistic children brought a court case against the Ministry seeking broader access to the Program, including access for children over the age of six. At the time of our audit, no ruling had been made in this case.



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## REVIEW SCOPE AND LIMITATIONS

At the outset of this assignment, we met with the appropriate senior ministry staff to discuss the Committee's motion and advise them of the nature and extent of the work we intended to perform.

We reviewed all available pertinent documentation provided to us, which included: the contractual agreements between the Ministry and various regional program service providers (external organizations that receive funding to provide autism services); the financial and service information submitted by program service providers to the Ministry through its regular quarterly reporting process and recorded in the Ministry's Service Management Information System (SMIS); and the service providers' Annual Program Expenditure Reports (APERs). We also met with senior management of the Autism Society Ontario and obtained information from local Autism Society chapters. In addition, we reviewed a recent related report issued by the Ombudsman of Ontario.

Much of the information initially provided to us by the Ministry in May 2004 was of questionable accuracy and lacked sufficient detail to allow us to fully address the questions and concerns raised by the Committee. We therefore requested that the Ministry provide us with more reliable and detailed financial and service information regarding individual program service providers and their subcontractors. The Ministry advised us that collecting that information was a substantial undertaking and would require considerable time. Therefore, in order to report within a reasonable time frame, we selected three of nine regional offices to visit and requested the additional information on costs and services only from those three regions.

In June 2004, we received most of the more detailed information we requested. We subsequently met with senior staff from the three ministry regional offices and with four regional service-provider agencies to review the material with them. They provided us with additional information at that time. The information they gave us led us to believe that the more detailed information provided by the Ministry was still not accurate or complete in several important respects. For example, direct-service costs also include certain costs for children being directly funded—such as those for eligibility assessment, wait-list management, monitoring of services provided by directly funded therapists and psychologists, and approved ancillary services—and data segregating these costs are not available. Nevertheless, the information provided to us was the best available, and we used it to address the Committee's motion and other concerns raised.

We also contacted several other provinces to inquire whether they funded services to autistic children and, if so, how their programs were delivered.

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## OVERALL REVIEW OBSERVATIONS

The lack of available, relevant, and reliable information, as noted in the Review Scope and Limitations section of this report, made it difficult to provide definitive answers to the questions raised in the Committee's motion, as well as to the other concerns raised during Committee deliberations. Notwithstanding, based on the information that we were able to obtain, the following are our observations on the three specific motion questions:

- Reasons why expenditures between June 2002 and December 2003 increased while the number of children served remained relatively constant included the fact that payments were made for start-up costs such as staff hiring, training, and infrastructure. As well, expenditures were incurred for ancillary services to provide support to parents whose children were still on the waiting list. Consequently, such expenditures would not result in an increased number of children receiving direct program services, at least in the short term.
- While the cost-per-child figures in the motion are not accurate, the trend of increasing costs per child as indicated in the motion is accurate. This is due, in part, to: a higher proportion of children in the direct-service option; pay increases for delivery agency staff; start-up costs; and increased ancillary services being provided.
- The \$55,000 cost-per-child figure referred to in the motion was not arrived at by economists—rather, it was an estimate provided to the economists by a lawyer involved in the Wynberg-Deskin court cases. It was later confirmed that this estimate was based on information that was not reliable. Based on what information we were able to obtain, the cost per child under the direct-service option likely ranges from \$50,000 to \$90,000 per year, while under the direct-funding option (which excludes the costs of assessment, wait-list management, and other services), the cost to the government per child likely averages around \$30,000 per year.

Overall, the Ministry does not yet have adequate oversight procedures in place to ensure that external service providers are spending funds provided to assist autistic children and their parents in the most cost-effective manner. The Ministry must obtain significantly better information on: whether or not services are delivered; exactly what services are being delivered; what these services cost; and whether or not corrective action is needed and/or being taken. In this regard, in the regions we visited we noted the following:

- Many children were receiving far fewer hours of program services than their individual service plans called for.



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- Many instructor therapists provided an average of only 15 hours of service per week even though the agency benchmark of expected hours per therapist was 23 hours per week.
  - Just as the cost per child in the direct-service option varied significantly in the three regions from which we obtained information, as noted above, the cost per hour of program service under the direct-service option also varied, ranging from \$82 to \$146.

Better information, combined with more rigorous monitoring of service providers, could result in more services to more children being delivered in a more cost-effective manner.

The three most critical things the Ministry needs to do are as follows:

- Base funding decisions to the external service providers on relevant, detailed information on specifically what services must be provided to ensure equitable funding of services.
- Ensure that relevant, accurate, and reliable information is received from service providers, is periodically verified, and is used to ensure that the maximum amount of funds is being spent providing direct service to autistic children.
- Develop effectiveness performance measures incorporating best practices from other jurisdictions to enable informed policy decisions on how funding for autism services can best be spent.

Our specific recommendations, along with the Ministry's responses, appear in the final section of this report.

## **DETAILED REVIEW OBSERVATIONS**

### **Quality of Additional Financial and Service Information Requested**

As noted, in order to be in a position to answer the Committee's questions, we asked the Ministry to provide us with more reliable and detailed financial and service information for the Program's service providers in three of the nine regions. The information we requested essentially consisted of monthly or quarterly expenditures for both direct-service and direct-funding program services and the number of program hours and children served for each program service provider in that region. The Ministry in turn asked each of the three lead agencies in these regions to provide it with that information. The agencies supplied the requested expenditure information based primarily on their own accounting records and service-level information

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contained in the Ministry's Integrated Services for Children Information System (ISCIS) or case files.

However, the information we received was still of questionable reliability, and in some cases we subsequently determined that the information was in error. For example, with respect to program-expenditure information, we noted the following:

- In some cases, reported expenditures included accruals for future expenditures or internal transfers to other social services programs of the service provider, with the result that reported program expenditures were significantly overstated. For example, in one region that we visited, \$1.7 million in unspent funds for the 2001/02 fiscal year and \$1.2 million for the 2002/03 fiscal year were reported as spent when the funds had actually been transferred to another program to be spent in subsequent years on autism-related services.
- Reported expenditures for direct-service costs by the lead agencies included, in addition to expenditures on one-on-one sessions with children:
  - the cost of providing assessments and intake services for all children accepted into the Program in the region, including those under the direct-funding option; and
  - the costs of other services such as: programs for children on waiting lists; transitional programs; and parent training.

This made cost comparisons between directly provided services and directly funded services problematic.

With respect to program service-level information, we found the following:

- Service-provider staff who input information into the ISCIS system stated that the system does not always save the data that are inputted and that, if an input error is made, it cannot be corrected.
- Service-provider staff were not accounting for program service hours consistently. Therefore, service data cannot be compared either among service providers or within a service provider over time. For example, in some situations, two instructor therapists may be present at a session with a child, with one therapist acting as back-up for the other. Although the child would receive one hour of service, one service provider would count this as one hour of service while another service provider might count this as two hours of service—one hour for each therapist.
- Hours of program service were accounted for differently under the direct-funding option than under the direct-service option. Program hours under the direct-funding option include all time spent by any number of individuals, including the instructor therapist, senior therapist, and



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psychologist, and may include time the therapist spends travelling to the child's home and meeting with parents. In contrast, hours reported under the direct-service option are only those that an instructor therapist spends with a child. Thus, the hours of service reported under the two models are not comparable.

- Of the two regions we visited that used subcontractors, one region could not determine the number of hours of program service provided by its subcontractors, even though the subcontractors provided the service to the majority of autistic children served in the region.

Consequently, we continued to have concerns about the reliability of the detailed information that was obtained directly from the lead service providers.

## Questions in Committee Motion

### QUESTION 1

The Committee asked:

why there was no increase in the number of children receiving service (516) between June 2002 and December 2003, despite a \$4 million increase in the budget for the Program over the same period of time.

As a result of a court case seeking broader access to program services for autistic children, the Ministry determined that 516 children were receiving these services as at both June 1, 2002 and December 15, 2003. Specifically, the Ministry reported that on June 1, 2002, 344 children were being served under the direct-service option and 172 under direct funding; on December 15, 2003, 403 children were being served under the direct-service option, and 113 under direct funding.

However, this information appears to be at odds with the information contained in the Ministry's two databases, which indicated that the number of children receiving services was as the table below illustrates.

**Total Number of Children Receiving Program Services  
as at March 31, 2002, 2003, and 2004**

	2002	2003	2004
<b>Served as at March 31</b>			
per ISCIS	378	475	458
<b>Served During the Year</b>			
per ISCIS	465	666	738
per SMIS	656	876	769

*Source of data: Ministry of Children and Youth Services*



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In discussing this contradiction with ministry staff we were advised that the Ministry had greater assurance that the figure of 516 children, which was that provided to the Court, was the more reliable statistic.

We also noted that:

- in many cases children were receiving far fewer hours than called for in their individual service plans; and
- throughout the year, children leave, and new children are admitted to the Program.

Consequently, we believe a more appropriate measure of program output would be the total number of hours of program services provided directly to children rather than the number of children served. Both the ISCIS system and the SMIS system maintain hours-of-service information. However, while the ISCIS system indicates that total hours from June 2002 to December 2003 are trending upward, the SMIS system indicates total hours are staying relatively constant. This discrepancy needs to be fully investigated before these systems can be relied upon to produce accurate program service information.

With respect to expenditures, the Ministry stated that for the 2002/03 and 2003/04 fiscal years, budgeted and actual expenditures for the Program were as indicated in the following table.

**Program Budgets and Reported Expenditures,  
2002/03 and 2003/04  
(\$ million)**

	2002/03	2003/04
program budget	41.0	44.0
reported expenditures	36.7	41.8

*Source of data: Ministry of Children and Youth Services*

We noted that an increase in budgeted expenditures was not a fair reflection of actual autism expenditures because some of the budget was not spent. Furthermore, we know that province-wide actual expenditure information does not accurately reflect the actual cost of program delivery to children, as discussed earlier.

However, the issue of increased expenditures without a significant change in the number of children receiving service is still relevant. We were advised that, particularly in the short term, increases in program expenditures would not necessarily be expected to result in a corresponding increase in the number of children receiving program services because:

- Newly hired staff require training and accreditation before they can provide program services. This results in a delay between the time costs are incurred

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and the time services can be provided.

- We understand that some of the increased funding was spent on approved program services such as parent training and services to families on the program's waiting list rather than on hours of service delivered directly to children.
- Some of the increased funding was spent on capital items, such as computers and furniture, to increase the capacity of the service providers in the long term.

In addition, for the period in question there was an increase in the number of children in the direct-service option and a corresponding decrease in the number of children in the direct-funding option. As the direct-service option is generally the more costly of the two, the increased costs attributable to this shift would also not result in more children receiving service.

## **QUESTION 2**

The Committee asked:

why the cost per client has increased so dramatically from August 2, 2001 to December 15, 2003 (example: in the SWR [South West Region], the cost per client was \$33,220 on August 2, 2001; \$50,000 on June 1, 2002; and \$76,850 on December 15, 2003).

The Ministry advised us that the cost amounts quoted in the above question were not accurate. The amounts quoted were all incorrectly based on the budgeted regional allocation for the previous fiscal year divided by the number of children receiving service on the day quoted. In addition, the statistics were based on budgeted amounts, not on the actual amounts spent.

The Ministry also advised us that for the South West Region the correct amount of the regional budget allocation divided by the total number of children receiving service as of the dates cited in the question were: August 2, 2001—\$62,712; June 1, 2002—\$56,080; and December 15, 2003—\$88,867.

These data support an increasing cost per child over time. To provide further information on this issue, we analyzed the more detailed expenditure information we received from the Ministry for three of the nine regions. Our analysis indicated significant variances in the cost per child under both the direct-service option and the direct-funding option as the table below indicates.



**Cost of Program Per Child Per Hour for Three Regions  
for the 2001/02 and 2002/03 Fiscal Years**

	Cost Per Child (\$)		Cost Per Program Hour (\$)	
	2001/02	2002/03	2001/02	2002/03
<b>Region 1</b>				
direct service	76,708	92,727	146	126
direct funding	24,349	29,506	18	20
<b>Region 2</b>				
direct service	48,553	65,510	82	108
direct funding	34,744	21,848	29	19
<b>Region 3</b>				
direct service	71,032	80,873	116	120
direct funding	36,240	30,024	24	27

*Source of data: Ministry of Children and Youth Services*

The Ministry had not undertaken similar cost comparisons and therefore was not aware of and could not explain the significant fluctuations.

Based on the available information and our discussions with service-provider staff, the cost per child receiving program services, especially under the direct-service option, has been increasing and may be higher than one would expect. This is because the amount of funding provided by the Ministry and corresponding service-provider expenditures have been increasing faster than the number of children being served. Factors that contributed to this situation are described below:

- Actual program hours provided by individual instructor therapists in the three regions for which we had detailed information were significantly fewer than the established agency benchmarks. All regions used the benchmark of 23 hours of service a week; actual average hours of service provided by instructor therapists in these regions were 15, 15, and 14.
- Some of the funding was spent on capital items or start-up costs, often without the knowledge of the Ministry, and would not result in increased program hours provided in the short term.
- We noted that one agency had provided staff with substantial pay increases partly to reduce staff turnover, the increased cost of which would not result in additional program hours.
- Some of the costs incurred were spent for other approved ancillary services, such as transitional services to children six years of age and over and services



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to families on waiting lists. However, the children receiving these other services are not included in the number of children receiving direct program services. As a result, the cost per child receiving direct program services is higher than it otherwise would be. While such ancillary services are important, their costs need to be separately tracked.

### **QUESTION 3**

The Committee asked:

why the average cost per child to deliver [program services] has been estimated to be \$55,000 by economists retained by the Ministry of the Attorney General for the Wynberg-Deskin court cases, while the regional range to deliver [program services] per child is \$65,746 as of December 2003.

As the result of a discussion with a lawyer at the Ministry of the Attorney General assigned to the Wynberg-Deskin court cases, we were informed that an economist had not prepared an estimate of the average cost per child to deliver the Program. We were advised that the estimate of \$55,000 per child was instead determined by the lawyer we spoke to, based on information provided by the Ministry that is now known to have been unreliable. This estimate was one of a number of assumptions provided to the economist, on the basis of which the economist was to prepare an economic forecast.

We were also advised that the \$55,000 estimated cost per child per year to deliver the Program was based on information that is now known to be in error. The Ministry subsequently indicated that a more reliable average budgeted cost-per-child figure as of December 2003 is \$78,732. However, this figure blends the costs per child under both the direct-funding and the direct-service options.

Our own analysis of the detailed expenditure information received from the Ministry for three of nine regions for both direct-service and directly funded programs indicated that direct-service program costs ranged from \$48,000 to \$92,000 per child per year while directly funded program costs ranged from \$21,000 to \$36,000 per child per year, as indicated in the table on page 10. However, it is important to keep in mind that direct-service costs include certain costs for children being directly funded, such as those for eligibility assessment, wait-list management, monitoring of services provided by directly funded therapists and psychologists, and approved ancillary services. Data segregating these costs are not available.

## **Other Concerns Raised by the Committee**

### **EXPENDITURES VS. AMOUNTS BUDGETED**

*Why were actual program expenditures less than amounts budgeted at a time when 1,100 children were waiting for service?*

Program budgets and expenditures since the inception of the Program are as follows.



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**Program Budgets and Reported Expenditures,  
1999/2000–2003/04**

	1999/2000	2000/01	2001/02	2002/03	2003/04
program budget	5.0	16.0	36.0	41.0	44.0
reported expenditures	0.5	15.4	30.9	36.7	41.8

*Source of data: Ministry of Children and Youth Services*

According to the Ministry, explanations for why portions of these budgets were retained by the Ministry rather than being provided to the lead agencies include:

- delays encountered in the start-up and expansion of the Program, and
- the fact that, when it became apparent that some regions would underspend their existing allocations, the funds were reassigned to other children's programs within the Ministry (we also understand in this regard that, because service providers receive funding based on an annual budget submission, as opposed to multi-year budgeting, service providers were hesitant to expand their direct services without assurance from the Ministry that the related salary costs would be funded in the next fiscal year).

We were informed by some service-provider agencies that psychologists, senior therapists, and in some cases instructor therapists were difficult to hire and retain. As a result, service-provider agencies were often unable to expand their services as they had hoped.

As the direct-funding option does not rely on the ability of the service providers to obtain or retain staff, we questioned why a portion of the excess funding could not have been used to provide direct funding to parents on the waiting list. Staff at the lead service agency in one region advised us that the direct-funding option was only made available to parents on the waiting list when there was also an opening under the direct-service option, because they did not want to create a "two-tier" service system. Staff indicated to us that the direct-funding option is most suitable for parents who are financially stable, speak fluent English, and are capable of finding private-sector therapists and administering the funding agreement. They felt that offering additional services under the direct-funding option only would therefore discriminate against parents for whom direct funding is not a viable option by having others jump the queue ahead of them. Service providers also advised us that, once excess funds are committed to the direct-funding option, a service provider would be limited in expanding its own services under the direct-service option.

It is our view that, because program service providers in many cases did not spend all of the funds already provided by the Ministry for program services during the year for which they were intended, ministry retention and reallocation of a portion of the overall program budget was not unreasonable.



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## COMPARISON OF THE DIRECT-SERVICE AND DIRECT-FUNDING MODELS

*What are the differences between the direct-service delivery model, whereby the Ministry of Children and Youth Services provides funding directly to agencies for the provision of program services, and the direct-funding model, whereby the Ministry provides funds to parents so they can hire their own therapists? Is one model more cost effective than the other?*

Under the direct-service model, the Ministry funds the service providers based on its budget for the year. Parents who select the direct-service model will generally receive all services, including assessments and sessions with therapists, from the service provider. All costs, including those for resource materials, are paid for by the service provider.

If the direct-funding option is selected, the parents enter into a funding agreement with the lead agency. The amount funded is based on a blended hourly rate established by the lead agency, based on the salary costs of therapists and psychologists in the region, multiplied by the number of program hours outlined in the child's individual service plan. Our review of the direct-funding rates by region, from the 2000/01 to 2003/04 fiscal years, showed that these rates have varied up to 39%, or from \$22.70 to \$31.53 per hour, among regions during 2003/04. The parents must locate and hire a qualified, private-sector instructor therapist and a supervising psychologist. We understand that staff from the lead agency will periodically review and observe the child's private program sessions to determine whether the private sessions meet provincial guidelines.

Once approved, parents under the direct-funding option are advanced funds on a quarterly basis. Parents submit receipts from private therapists confirming the hours of program services received and paid for. The lead agency monitors the amount paid to parents, based on the number of hours indicated in the funding agreement and the number of hours of service received from the private therapist. Any amounts that have not been spent are either returned to the lead agency or deducted from the next payment to the parents.

Our discussions with both ministry and service provider staff revealed that there are many factors that influence parents' choice of service delivery. According to the Ministry, since the Program's inception, no parents in two of the nine regional programs have selected the direct-funding option. Most parents choose the direct-service option because:

- The service agency provides all services, including the assessment, sessions with instructor therapists, and periodic evaluations. Program materials are also supplied. In addition, in some regions of the province, private therapists who are qualified to deliver program services are not available.



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- The regional lead service provider generally has a greater knowledge of other services that can be obtained either from the service provider itself or through other social-service or health-sector organizations.

Parents who choose the direct-funding option do so primarily because:

- If their child was already receiving service from a private therapist, this option will allow the child to continue with the same therapist.
- They will have some control over who provides services to their child, in that they can interview and hire staff and monitor their child's program. However, they must also perform administrative tasks such as submitting hours of service and receipts to the applicable lead agency.

We were also informed that in some regions, the direct-funding rates were not sufficient to cover the actual hourly rates charged by therapists and psychologists. As a result, unlike under the direct-service option, parents may incur additional expenditures including, for example, the cost of resource materials, which private therapists do not provide.

From the Ministry's point of view, the regional direct-service option is funded based on the operating costs budgeted by the agency. These costs are funded regardless of whether all of the services that an agency has contracted for are received or not. In essence, the government may be paying for expected services that it will not fully receive, commonly referred to as lost service hours. In contrast, under the direct-funding option, only those services that are received are paid for. Also, although directly funded clients can incur lost hours if appointments are missed, these lost hours are not paid for. Consequently, the direct-funding option is more economical from the Ministry's financial viewpoint, but, as discussed previously, some service providers indicated that it may not be a viable option for many parents.

### ***COST IMPLICATIONS OF SUBCONTRACTING SERVICES***

*What are the cost implications of the Ministry's practice of funding lead agencies that in turn subcontract with other agencies to provide program services?*

As noted previously, in eight of its nine regions, the Ministry enters into an annual funding agreement with a lead service-provider agency that in turn subcontracts program services to other agencies that do not have a direct relationship with the Ministry. In the ninth region, the Ministry enters into annual funding agreements directly with each agency that provides program services.

The Ministry is not in a position to assess the cost effectiveness of funding lead agencies that subcontract program delivery to other service-provider agencies because lead agencies submit to the Ministry only consolidated information on the number of children served, the number of program hours provided, and the total program expenditures for their regions. The Ministry receives no information with respect to

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the amounts transferred to or the levels of service provided by the individual subcontractors.

Even the more detailed expenditure and service-level information we received for three of the nine regions was inadequate for assessing the cost effectiveness of lead agencies subcontracting with other service providers because the expenditures incurred by the lead agencies included services such as intake, clinical assessment, and wait-list management for all children in a particular region. In addition, as previously noted, of the two regions we visited that used subcontractors, one region could not determine the number of hours of program service provided by its subcontractors, even though the subcontractors provided the service to the majority of autistic children served in the region.

We also noted that giving the lead agency discretion with regard to the amount of funding it provides to subcontractors creates a risk that the lead agency may not fund its subcontractors at an optimum level—even when the subcontractors may be able to provide services more cost effectively.

### **LOST HOURS OF SERVICE**

*What was the extent of lost hours of program service (that is, fewer program hours provided to children than the number of hours approved) and what happened to the money allocated for these services?*

The Ministry's program guidelines state that the number of hours of program service shown by research to be effective ranges from 20 to 40 hours per week. We understand that in practice the individual service plans for most children call for a number of program hours at the low end of that range.

Neither the Ministry's corporate nor its regional offices receive any information with respect to the number of lost hours. Our analysis of the more detailed information we requested from the Ministry for three regions indicated that, for children in the direct-service option, the hours of service received during the 2002/03 fiscal year were on average significantly fewer than the suggested minimum of 20 hours as the table below indicates.

**Average # of Direct Program Hours  
Received Per Child Per Week,  
2002/03 Fiscal Year**

Region 1	16
Region 2	13
Region 3	15

*Source of data: Ministry of Children  
and Youth Services*



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In addition, only one of the four agencies we visited monitored the extent of lost hours, which the agency began to do in April 2004. Our review of that agency's summary of program hours delivered to children in that month found that out of 57 children, 38 lost a total of 662 hours or an average of 4.4 hours per child per week.

Service-provider staff stated a number of reasons for lost hours of service including:

- Instructor therapists taking relatively high rates of sick time due to the stressful nature of the job.
- The staffing model of one instructor therapist for one child becomes problematic when either the instructor therapist or the child misses a session. Also, because staff continuity is important for treatment, even if another instructor therapist is available, that instructor therapist cannot readily substitute for an instructor therapist unable to attend the scheduled session.
- Some agencies have high rates of staff turnover, resulting in the interruption of service to children.
- Although most program sessions are provided in the home, on some occasions the home environment is not suitable for program delivery.
- On many occasions the child is not capable or receptive to the Program due to personal illness or for other reasons.

Given that instructor therapists are assigned to individual children and that cancellations often occur at the last minute, service providers have virtually no chance of reassigning idle instructor therapist staff or making up lost hours under the restrictions imposed by the one-to-one staffing model. Service providers were contemplating two different initiatives to address the issue.

- Some service providers were planning to change their staffing structure to incorporate additional instructor therapists to act as "floaters" to cover staff absences. However, staff from another service provider we visited stated that they had tried this strategy and found that staff sick time actually increased. Accordingly, that agency eliminated the floater position.
- One service provider was considering moving to a centre-based model of service delivery to eliminate staff travel time and make use of small group sessions, where either staff or child absences would result in less disruption and loss of service.

We also noted that regardless of the reasons for lost hours, under the direct-service option instructor therapists are paid for their time even if they miss sessions with the result that significant costs are being incurred for services not delivered. This is not the case under the direct funding option.



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## **STATUS OF RECOMMENDATIONS FROM REVIEW OF SERVICE PROVIDER**

*What is the status of actions taken on the recommendations resulting from the external review of a service provider undertaken in response to ministry concerns?*

The Ministry retained a consultant to conduct an independent financial review at one of its regional lead agencies because it was concerned that the agency might have committed to a cost structure that exceeded the Ministry's funding allocation while not reaching expected service-level targets.

The consultant's report, which was released in November 2003, made a number of recommendations designed to enhance agency governance and accountability and to reduce or contain expenditure increases. For example, the consultant's report noted that, between 2001 and 2003, base salaries for instructor therapists and senior therapists increased by 52% and 31%, respectively, while over the same period the CEO and directors' salaries increased by 35% to 59%.

We noted that the agency's senior management did not agree with many of the findings and recommendations in the consultant's report, including those relating to the salary increases, and were somewhat surprised that the report had been released before their concerns and objections had been addressed.

In December 2003, the Ministry met with the agency to review its management plan for the 2003/04 and 2004/05 fiscal years. The Ministry proposed a number of potential strategies that the agency could implement in order to address the consultant's recommendations. Such strategies included:

- introducing in-centre services to utilize staffing resources more effectively and reduce travel costs;
- introducing group-based service options for older children nearing discharge in order to support more children, prepare them for transition into the school system, and reduce staffing costs;
- increasing the number of families in service by expanding the direct-funding option with any fiscal flexibility available in the year;
- freezing salaries for the next two years; and
- capping the level of resources for program administration and central administration.

With respect to the status of the consultant's recommendations and the proposed strategies noted above, at the completion of our fieldwork in late September 2004, we noted the following:

- The Ministry had not determined whether the recommendations designed to enhance agency governance and accountability had been acted upon.



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- The Ministry can influence and even control the agency's expenditures through its review and approval of the agency's budget submission. However, since the agency's budget for the 2004/05 fiscal year had not yet been agreed on by the Ministry and the agency, it had not been approved as of early October 2004, or approximately seven months into the fiscal year.

## **PERFORMANCE MEASURES**

*Are performance measures in place to determine whether the Program is achieving the intended results?*

Establishing measurable and meaningful expectations for service outcomes and tracking actual results is essential if the Ministry is to evaluate the effectiveness of the Program and to assess whether value for money spent is being achieved.

Although the Ministry had not established measurable and meaningful performance measures for service outcomes, the lead agency in each region is required to input statistical and clinical information for every child in its region into the Ministry's Integrated Services for Children Information System (ISCIS). It was intended that the information in ISCIS be used to monitor and assess program activities and to provide the basis for evaluating the outcomes for children in the Program.

Although ISCIS data is in some cases known to be incomplete and/or in error, we were nevertheless surprised to learn the Ministry's regional office staff do not have access to any of the information in ISCIS. In addition, although agency staff do use some ISCIS-based data to monitor results achieved with individual children, agency assessments of results are never forwarded to the Ministry or accumulated to help evaluate the effectiveness of the Program as a whole.

In addition, we were advised by staff at some of the service providers we visited that the Program would be most successful with young children having a mild to moderate level of autism even though eligibility for program services is restricted to children at the more severe end of the autism spectrum disorder continuum. This makes an evaluation of the effectiveness of the Program all the more important for determining whether or not the children in the Program are achieving the intended outcomes cost effectively. Secondly, informed policy decision-making must be based on relevant, reliable information if intended results are to be maximized for the funding provided.

## **Some Recent Developments in Other Provinces**

As part of our research, we contacted Manitoba, Alberta and British Columbia to: find out if they offered autism assistance; and, if they did, obtain information about their particular programs for autistic children.

Manitoba currently funds a permanent intensive early intervention program. The program is delivered by a parents' group—Manitoba Families for Effective Autism



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Treatment—in partnership with an institution that is dedicated to providing care and services to persons with intellectual disabilities. Currently, this program has the capacity to serve 58 children, and we understand that there is no waiting list and that the average cost of this service is \$55,000 per child per year.

Alberta has been funding intensive behavioral intervention services since the mid-1990s. Currently, Alberta Learning (roughly equivalent to the Ministry of Education) funds school authorities to support programs for children with severe disabilities—who are at least two-and-a-half years old and less than six years of age—for a maximum of three years. The authorities may use this funding to purchase or provide intensive behavioral intervention services. Most of these programs are supported by a combination of funding from Alberta Learning and Alberta Children's Services.

In August 2004, Alberta proclaimed *The Family Support for Children with Disabilities Act*. This legislation provides financial assistance for two levels of services—family-support services and child-focused services. Family-support services can be provided even though a child is still waiting for a formal diagnosis. Child-focused services include specialized services for children who are severely impacted by their disabilities and require an array of intensive, integrated, and co-ordinated specialized services. This group would include children with autism. Comparable data on the cost per child were not available.

In British Columbia, children five years of age or younger with a multi-disciplinary assessment and a diagnosis of autism may be eligible for early intensive intervention services. Direct services are available in eight British Columbia communities. There are currently 75 children being served, at an average cost per child of approximately \$50,000.

Since June 2002, families may be eligible to receive direct funding of up to \$20,000 a year to assist with the costs of behavioural treatment programs for pre-school-aged children. As of October 1, 2004, an invoice option has been introduced to alleviate the administrative burden on parents of maintaining and submitting receipts. Under that option, parents can now choose to have their providers invoice the government, which will pay the invoices up to the annual maximum.

In addition, British Columbia has recently introduced a new program that provides direct funding to families of school-age children with autism. Families may be eligible for up to \$6,000 a year to purchase autism intervention services during out-of-school hours.

British Columbia has contracted for evaluations of the effectiveness of both its direct service and direct funding early intervention programs. These evaluations are in progress.

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# REVIEW RECOMMENDATIONS

## Recommendation #1

To help it obtain better service-provider-expenditure and service-level information and to help ensure that funding decisions promote cost-effective service delivery, the Ministry of Children and Youth Services should consider having a direct contractual agreement with each agency that provides services for the Intensive Early Intervention Program for Children with Autism.

### *Ministry Response*

*The Ministry supports continuous improvement to its contract management processes. The lead service provider is responsible for managing the clinical and reporting requirements for the Intensive Early Intervention Program for Children with Autism. The Ministry will amend its service contracts with lead service providers to set out the expectations for subcontracting intensive behavioural intervention services. The Ministry will meet with its lead service providers to review these expectations and to outline how the Ministry will continue to monitor their performance.*

## Recommendation #2

In order to help ensure that funding is equitable and appropriate for each provider of services for the Intensive Early Intervention Program for Children with Autism, the Ministry of Children and Youth Services should:

- ensure that all agencies include in their program budget submissions sufficiently detailed, reliable, and relevant information with respect to the specific services they are to provide;
- critically assess requests for funding and ensure that the amounts approved are commensurate with the value of the services to be provided; and
- ensure that funding provided is either spent for the purposes intended in the year to which it relates or, alternatively, returned to the Ministry.

### *Ministry Response*

*The Ministry is committed to having information systems that provide the appropriate information to help determine the effectiveness and value for money of services provided by transfer-payment agencies.*



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***The Ministry will use Service Management Information System (SMIS) data regularly to monitor policy/program initiatives related to autism. The Ministry will continue to strengthen its data collection so that this information is sufficiently detailed, relevant, and accurate.***

***Specific initiatives include:***

- ***improving the clarity and consistency of data elements and definitions; and***
- ***improving the effectiveness of the data collection system.***

***The Ministry is working to improve the process for contracts entered into with lead service providers. New service description schedules and reporting requirements for the autism programs have been developed as part of this year's budget review process. Clarity has been added to the definitions of reporting elements (dealing with both financial and service data). The Ministry will continue to assess annual budget submissions and service targets and monitor performance of service contracts.***

### **Recommendation #3**

**The Ministry of Children and Youth Services should regularly receive sufficiently detailed, relevant, and reliable expenditure and service-level information from each service provider and assess that information to determine whether services provided represent value for money spent. To facilitate that process, the Ministry should also ensure that the Integrated Services for Children Information System can be relied upon to produce complete and accurate information.**

#### ***Ministry Response***

***The Ministry has taken several steps to improve the accuracy and consistency of the data in the Integrated Services for Children Information System (ISCIS), including the following:***

- ***To support the need for ongoing training of staff responsible for managing and inputting data into ISCIS, the Ministry held training sessions in August and September 2004. Training material that clearly defines the various data elements of the information system was provided to training participants.***
- ***A dedicated ISCIS helpline for regional service providers requiring assistance with the information system is available. The Ministry continually reviews any helpline questions received to ensure that the information system is functioning correctly.***
- ***The Ministry has improved ISCIS to make it more user-friendly, reduce input resources at the service level, and facilitate data collection.***

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***The Ministry will continue to work with regional offices and regional programs to explore ways to improve the current system so that complete and accurate information is available for program monitoring, research, and evaluation.***

#### **Recommendation #4**

**Where the costs of similar services vary significantly over time within or between individual service providers, the Ministry of Children and Youth Services should determine the reasons for such variances and, where necessary, take corrective action.**

#### ***Ministry Response***

***The Ministry will establish a working group with its lead service providers to better identify costs for various program components (including, for example, eligibility assessment and child and family support services).***

#### **Recommendation #5**

**To help ensure that as many children as possible receive services at the current funding level and that the services provided represent value for money spent, the Ministry of Children and Youth Services should:**

- **formally assess the relative advantages and disadvantages of the direct-service and direct-funding options and determine whether the current mix of selected options provided facilitates the delivery of services to the largest number of children;**
- **regularly receive and assess the extent of lost service hours for each service provider, take the necessary corrective action to minimize lost hours, and reassess its practice of allowing service providers to retain funding for undelivered service hours under the direct-service model; and**
- **review the advantages and disadvantages of the in-home service model and determine whether or not going to a centre-based model would enhance the cost-effectiveness of the delivery of the Intensive Early Intervention Program for Children with Autism.**

#### ***Ministry Response***

***The Ministry is committed to working with lead service providers to explore cost-effective models of program delivery that maintain a high level of quality service. The Ministry will strengthen its data collection***



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***procedures so that the information is sufficiently detailed, relevant, and accurate.***

***The Ministry is committed to building ongoing evaluation into this program so that services are based on the best available information. By the end of the 2004/05 fiscal year, the Ministry will have both an evaluation framework and the appropriate contracts in place to begin an evaluation of the Intensive Early Intervention Program for Children with Autism. The evaluation will investigate aspects of both the design and implementation of the program, including its impact on children with autism and their families.***

#### **Recommendation #6**

**The Ministry of Children and Youth Services should follow up on the recommendations of the consultant who conducted the financial review of one of its service providers to ensure that the required corrective action has been taken.**

#### ***Ministry Response***

***The Ministry is working with the board of directors of the service provider to improve financial accountability and to follow up on the recommendations of the financial review.***

#### **Recommendation #7**

**To help assess the effectiveness of the Intensive Early Intervention Program for Children with Autism, the Ministry of Children and Youth Services should develop specific performance measures to determine if the Program is meeting its objectives of providing both short- and long-term improvements in children who have received services.**

#### ***Ministry Response***

***The Ministry is currently developing performance measures for the Intensive Early Intervention Program for Children with Autism as part of the 2005/06 business planning process. Information from the performance measurement process will also support the Ministry's evaluation activities.***