



***Ontario Works –Community & Health  
Services – Social Services Branch***

***November 2018***

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## 1.0 Management Summary

Audit Services has completed an audit of the Ontario Works (OW) program within the Community and Health Services Social Services Branch. The focus of the review was to ensure that controls are in place to support the administration of the OW program, including: compliance with legislative requirements, access security over client data, and adequate internal policies and procedures. In addition to the above, the reporting functionality within the Province's Social Assistance Management System (SAMS) was reviewed to assess potential gaps and/or areas for improved reporting. The audit scope included reviewing internal policies/procedures and applicable regulatory requirements, detailed discussions with management and staff, on site visits, observation of client interviews, and detailed testing of a sample of OW client files.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

Based on the work performed, Audit Services has concluded that overall the OW program is being adequately managed and is essentially compliant with legislation. Opportunities for control improvements have been noted and discussed in the body of this report. These opportunities include: ensuring Participation Agreement reviews are completed in a timely manner, updating policies and procedures, ensuring data entry completeness, and limiting client file documentation.

While reviewing the reporting functionality within SAMS, Audit noted that the Province continues to implement fixes to deal with system problems that have been identified since SAMS was launched in 2014. Some of those issues affect the accuracy and completeness of reports generated for tracking and analysis purposes. Based on our review, it is our opinion that OW management have developed effective strategies to work around SAMS reporting limitations, and continue to monitor and effectively incorporate the Province's ongoing changes to SAMS functionality.

It should also be noted that there were key areas identified during the audit where controls were strong and working effectively as designed. These areas include processing times for new applications, security of staff and records, and continuous quality improvement.

Should the reader have any questions or require a more detailed understanding of the risk assessment and sampling decisions made during this audit, please contact the Director, Audit Services.

Audit Services would like to thank Ontario Works staff and management for their co-operation and assistance provided during the audit.

## 2.0 Introduction

Ontario Works is a province-wide assistance program to help residents find employment and assist with basic living costs until they become self-sufficient. Financial assistance is provided for essential items such as food and shelter, and may be extended to include other expenses, such as medical devices and childcare, based on individual client needs.

## 3.0 Objectives and Scope

### AUDIT OBJECTIVES

The main objectives of this engagement were to ensure that:

- Management reporting from SAMS is adequate to effectively manage the OW process and to identify potential areas for improved reporting.
- Policies and procedures are documented and adequate to support the administration of the program and ensure legislative compliance.
- Controls are in place and adequately designed to support the administration of OW transactions, including onboarding, ongoing client eligibility management, and offboarding.
- Access security is adequate over client paper files, electronic data, and client information within SAMS.
- Compliance with applicable legislative requirements including the Ontario Works Act, 1997 and with all related internal policies and procedures.

### AUDIT SCOPE

The audit objectives were accomplished through:

1. Site visits, interviews with appropriate personnel, and physical observation of applicant interviews.
2. Review of policies/procedures, and applicable regulatory requirements.
3. Detailed testing of a sample of OW client files from June 1, 2017 to May 31, 2018 including onboarding, ongoing file management and the offboarding process.
4. Review of access security within SAMS and client files.
5. Review of the current management reporting from SAMS.
6. Review and testing of other applicable/related documentation.

## 4.0 Detailed Observations

### 4.1 *Petty Cash Reconciliations*

#### Observation

Petty cash reconciliations are not being prepared consistently in accordance with the Procedures for Petty Cash Funds and the Petty Cash Instruction Guide, as referenced in the Region's Petty Cash Funds policy no. 5607545.

The Procedures for Petty Cash Funds states that reconciliations are to be carried out on a quarterly basis, at a minimum, depending on the amount of activity in the fund. The reconciliation is to be completed using the Petty Cash Reconciliation Form and kept on hand with any overages/shortages reviewed and signed off by the Manager.

Audit reviewed petty cash practices with the Payroll Clerks at the Region's four OW office locations for compliance and noted inconsistencies in the preparation of reconciliations among the locations.

In addition, Audit noted that the Region's Petty Cash Funds policy no. 5607545 references two separate supporting documents: the Procedures for Petty Cash Funds and the Petty Cash Instruction Guide. We reviewed both documents and noted the following:

- there is substantial duplication of information between the two documents
- neither document references the Region's Petty Cash Funds policy
- neither document is dated with either an original creation date or last revision date
- neither document indicates which department or branch created it or is responsible for its contents and maintenance

#### Recommendations

- Management should ensure that all OW locations understand and comply with the Region's Petty Cash Funds policy and related procedures, including performance of reconciliations on a quarterly basis at a minimum.
- The owner of the Region's Petty Cash Funds policy should consolidate the Procedures for Petty Cash Funds and the Petty Cash Instruction Guide to create a single, comprehensive procedures document on which the owner, creation date, and last revised date are indicated. The consolidated procedures document should also clearly identify the Regional policy to which it relates.

#### Management Response

Community & Health Services:

Through the Ontario Works Transformation, the responsibility for Petty Cash was moved to the Administrative Clerk Secretary in each office as of Feb 2019. This ensured that one person in

each office has the responsibility for managing Petty Cash. The policy and procedures were reviewed with the ACS staff to ensure compliance.

**Completed Q1 2019**

Finance:

Management agrees that a comprehensive procedures document that identifies the owner, creation date, and last-revised date, as well as the Regional policy to which the procedures document relates, would more effectively ensure policy compliance and timely petty cash reconciliations. To that end, the Controllership Office will lead a review of the Petty Cash Funds policy and its supporting procedures document by Q3 2020. Any documentation or changes to procedure will be implemented in the following quarter.

## **4.2 Participation Agreements**

### **Observation**

Mandatory Participation Agreements that provide information about clients' employment related goals and activities are not always reviewed and updated in accordance with Ontario Works Directives issued by the Province and internal procedures.

Once an Ontario Works (OW) application is approved, the case worker must prepare a Participation Agreement (PA) for the client to sign. The PA lists the client's employment goals, activities that will be undertaken by the client to meet their objectives, and any restrictions or deferrals of employment related activity.

Provincial legislation requires that OW administrators continuously monitor eligibility of active clients by conducting periodic reviews and updates of PAs. Ontario Works Directives 2.5 – Participation Requirements and 9.1 – Reviewing Eligibility state that PAs are to be reviewed and updated every three months, although for certain cases that meet specific criteria the review cycle may be extended to either four or six months. Audit reviewed a sample of case files from each of the Region's four OW office locations for compliance, using the Province's maximum allowable six month review cycle, and found the following:

1. At the time of our review, 31% of the files in the test sample did not have a Participation Agreement signed in the last six months, and we were unable to find evidence in the file or in SAMS that a review or telephone update had been performed with the client during that time.
2. There was a significant difference in the percentage of overdue PAs between the four office locations. The Vaughan OW office had the fewest; further discussion with a supervisor at that location revealed that this office had previously implemented their own scheduling system for PA reviews, in an effort to improve timeliness.

Findings by OW office location are as follows:

OW Office	No. of Files Reviewed	No. of Files In Which Most Recent PA is More Than 6 Months Old	% of Files In Which Most Recent PA is More Than 6 Months Old
Newmarket	20	9	45%
Richmond Hill	17	4	24%
Vaughan	15	1	7%
Georgina (Keswick)	15	7	47%
Total	67	21	31%

**Recommendation**

Management should:

- Ensure that Participation Agreement reviews are up to date for all active Ontario Works clients, in accordance with Provincial directives. In those instances where the legislation permits a review over the phone, ensure that the details of the review are clearly recorded in the client file and in the appropriate field(s) in SAMS.
- Implement a Participation Agreement review scheduling system across all Ontario Works office locations. Investigate the opportunity to use the Vaughan location’s system as a model for a uniform solution across all locations.

**Management Response**

Through the Ontario Works Transformation, we have developed a new client service path. The new role of Integrated Wraparound Caseworker (IWC) has the responsibility for the completion of the Participation Agreements. The expectation is the IWC complete 3 per day. Staff are being trained in their new roles and the expectations of those roles. Included in the training is the requirement that all notes, including notes from reviews conducted over the phone, are entered and updated in SAMS. Staff recently have attended Directives training to ensure staff understand the legislated requirements. We are proceeding with training all staff consistently from each office in the new service delivery model. Once the training is complete, we will conduct a review of Participation Agreements.

**To be completed in all 4 offices Q4 2019**

### 4.3 Replacement Cheques

#### Observation

There is no consistent process for the recovery of duplicate payments and reimbursement of third party claims when replacement cheques are issued.

All of the Region's Ontario Works (OW) offices must occasionally issue replacement cheques to clients who claim that their monthly entitlement was not received. This practice is permitted under the Lost or Stolen Entitlement Policy, which states that "if a client states that a cheque was not received five full business days from the date the cheque was mailed, a stop trace must be completed and a replacement cheque may be issued and released upon the client signing the bond of indemnity". However, clients occasionally cash both the original and replacement cheques by taking advantage of third party cheque cashing services and/or cashing a cheque before the stop payment has been processed. In these instances, the OW office must take steps to recover the overpayment to the client and handle claims for reimbursement from the third party cheque cashing establishment.

Based on discussions with OW Supervisors:

1. There is inconsistency in the recovery of overpayments. For example, one OW office collects recovery of overpayments at a rate of 5% per month, whereas in another office they are collecting at a rate of 50% per month.
2. Claims received from cheque cashing establishments requesting reimbursement for payments issued on stopped cheques are also handled differently among the offices. For example, one office will reimburse immediately, whereas another office is currently withholding reimbursements to third parties in the absence of a clear and consistent policy.
3. The timing of replacement cheques is inconsistent among the offices. One OW office issues the stop payment and the replacement cheque at the same time, while another office issues the replacement cheque 2-3 days after the stop payment order. A client who fraudulently claims that the original entitlement was not received, and then receives a replacement cheque on the same day that the stop payment order is issued, may have the opportunity to cash both cheques before the stop payment is registered by the bank.

The Lost or Stolen Entitlement Policy does not include specifics regarding the recovery of overpayments, reimbursements to third parties, or timing of the release of replacement cheques.

#### Recommendation

Management should update the current Lost or Stolen Entitlement Policy to address recovery of overpayments to clients, reimbursement to third parties where stopped cheques were cashed, and timing of replacement cheques. The updated policy should be communicated to all relevant staff to ensure consistent application among the Region's OW office locations.



### **Management Response**

The Lost or Stolen Entitlement Policy will be updated to include specifics in compliance with the OW Directives. The Policy will identify that overpayments are paid based on the ability for the client to pay or individual circumstances. The minimum amount of payment is 5%.  
Lost and stolen cheques will be addressed separately in the policy and be solidified through a policy update and communication to staff. Both changes will be communicated to staff and all OW staff in each office will be trained consistently in the new policy.

**To be completed Q4 2019**

## **4.4 Client File Documentation**

### **Observation**

Ontario Works client files contain excessive documentation.

Ontario Works Directive 2.1 – Application Process lists the information that is to be verified and specifies whether the corresponding document should be included in the client file or should be visually verified only. For example, a client's SIN card must be visually verified only, and the SIN number recorded in SAMS; however, any document provided by the client as proof of identity, such as a birth certificate, must be copied and filed with the client's records.

During our review of a sample of 67 case files, we noted that many of the files contained copies of documents that are required by legislation to be visually verified only, including SIN cards, Ontario health cards, bank statements, and rental agreements/landlord letters. In addition, some files contained multiple copies of the same document.

### **Recommendation:**

Management should provide OW case workers with training related to legislated document collection and retention requirements and:

- ensure that case workers do not take and/or file copies of documents that are to be visually verified only;
- ensure that required documents are not duplicated in client files.

### **Management Response:**

As a part of the new service delivery model this was identified. In Q4 2018, each office provided all staff training regarding the collection of appropriate documentation. The Ontario Works staff received training on OW Directives in Q1 2019. Supporting process documents have been provided to staff. As we continue to roll out the new service delivery model, we are ensuring consistency in all offices.

**To be completed Q3 2019**

## 4.5 *SAMS Data Entry*

### **Observation**

Data entered into the Province's Social Assistance Management System (SAMS) by case workers is not always complete or entered in a consistent format.

All Ontario Works (OW) client data is entered and maintained in SAMS. Case workers are expected to keep client records up to date by entering information into SAMS in an accurate and timely manner.

SAMS data screens capture information using a combination of fixed data fields and open text "notes" fields. Case workers use the notes fields to record a wide variety of information for which a fixed data field is not available, such as details of meetings and communications with clients.

During our review of a sample of 67 case files across all four OW offices in the Region, we observed the following:

- Incomplete or inaccurate data in fixed fields

For example, a Participation Agreement (PA) was identified in SAMS as "signed" but there was no corresponding PA in the client file. Audit was informed by staff that case workers must change the status of a PA to "signed" in order to print a hard copy for the client's signature. Should the client fail to appear at the pre-arranged time to sign the form, the case worker must remember to remove the "signed" status from the PA in SAMS. In this instance, Audit was unable to determine whether the PA had been signed, based on the information available in SAMS and the client file.

- Incomplete data in notes fields

For example, we observed several instances in which case workers had recorded appointment dates with clients in notes fields in SAMS, but no further information was recorded after those dates to indicate whether the meetings actually took place.

- Inconsistent category titles on notes

SAMS does not provide a set list of category titles in the notes fields. As a result, each case worker has the ability to create category titles at their own discretion. We observed that notes categories varied from case file to case file, which can make it difficult to locate specific information.

### **Recommendation:**

Management should develop and implement measures such as enhanced training to ensure that data entry in SAMS is complete, timely, and consistent across all Ontario Works locations in York Region.

**Management Response:**

The Ontario works management team is developing a policy to standardize proper naming conventions, introduce note templates and deliver training to all staff to ensure consistency in all OW offices. The current policy “Note Subject Headings in SAMS” has been updated effective April 2, 2019. It is located on the Social Service portal page and provides descriptions and examples of each note. This will continue through the roll out of the new service delivery model.  
**To be completed Q4 2019**

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