



**Office of the Auditor General**

**Follow-up to the 2017 Audit of Child Care  
Services**

**Tabled at Audit Committee  
September 30, 2020**



**Table of Contents**

Executive summary ..... 1  
    Conclusion ..... 3  
    Acknowledgement..... 4  
Detailed report – Assessment of implementation status ..... 5

## Executive summary

The Follow-up to the 2017 Audit of Child Care Services was included in the Auditor General's 2019 Audit Work Plan.

The original 2017 audit found that improvements were needed to ensure that child care funding was used as intended and benefited an optimal number of families. More specifically, the key findings included:

### *Waitlist management, eligibility assessment and management of fee subsidy funding*

- There was a centralized waitlist and processes were in place to assess eligibility for fee subsidy and assign spaces on a priority basis. However, the waitlist was not accurate and management had not reinforced key controls to ensure on-going eligibility for fee subsidies.
- There was inadequate oversight over the assessment process which had a significant negative financial impact.
- The number of children reported to be on waitlist for fee subsidy was overstated between 6 and 25%.
- The manual steps used to calculate the waitlist figures increased the risk of error.
- No annual reviews were conducted for 29 months. Without these reviews many families that became ineligible continued to receive subsidized child care.
- There were numerous “bring forward” items in applicant files that had not been followed up.
- Staff were not recovering overpayments for parents who had become ineligible for subsidy.
- Despite an active monitoring process that was in place, Management continued to process fee subsidy applications and place children in spaces beyond the available \$64.4 million fee subsidy budget.
- Attendance recording practices did not ensure that children who received a fee subsidy from the City were actually attending child care.
- There was limited independent review of staffs' work.

### *Information provided to Committee and Council and senior management for decision making purposes*

- Some of the information in the 2016-2017 Service Plan and provided to Council and senior management contained inaccuracies which may have resulted in program and budget decisions being based on inaccurate information.

- The numbers of “full fee” and “fee subsidy” families reported to be on the waitlist in the 2016-2017 Service Plan were incorrect.
- The Service Plan report to Committee and Council did not identify the risk or additional costs associated with collecting receivables from parents.
- There was no cost/benefit analysis of the 11 City run child care sites in the Municipal Child Care (MCC) program. The cover report to Committee and Council with the 2016-2017 Service Plan referred to the MCC Program Review as having been completed in 2015. We found, however, that the review had not been done.
- The waitlist and annual reassessment numbers and termination rates provided to Senior Management to monitor the program were not always complete, accurate and timely.

*Controls to manage service levels and administrative costs and ensure that service providers use funds for intended purposes*

- Controls were in place to monitor the funding provided to service providers, however they were not being adequately applied.
- City files did not contain all the documentation that service providers were required to submit.
- There was no documented evidence of review of files by City staff.
- There was no monitoring of performance against Provincial service level and administrative cost targets throughout the year to ensure that the City was on track to meet them.

Table 1: Summary of status of completion of recommendations

<b>Recommendations</b>	<b>Total</b>	<b>Complete</b>	<b>Partially complete</b>	<b>Not started</b>	<b>No longer applicable</b>
<b>Number</b>	31	24	6	0	1
<b>Percentage</b>	100%	78%	19%	0%	3%

## Conclusion

Management made good progress by completing 24 out of 30 recommendations that remain applicable. However, six recommendations are partially complete.

The six recommendations that are partially complete relate to the initial assessment process, the process for following up on bring forward items, the review of the Municipal Child Care Centres (MCC) program and the completion of a development plan as part of a succession plan.

Two of the six partially complete recommendations relate to the initial assessment process. The original audit found that processes were in place to support the initial eligibility assessment for a fee subsidy and calculate the parental contribution, if any. However, some of the applications assessed at the time of the original audit contained errors which resulted in an incorrect eligibility assessment. The original audit also found that there was inadequate oversight of the assessment process and limited review of staff's work. As such, the audit recommended that the City improve the initial assessment process to ensure compliance with policies and procedures and to ensure that reviews of these assessments are completed. Our follow-up found that management implemented a plan to improve the initial assessment process, however, further measures are required to review and monitor the results of file reviews.

The third recommendation that is partially complete relates to "bring forward" items. The original audit found that there were over 2,000 "bring forward" items in applicant files that had not been followed up. As such, the audit recommended that the City follow-up on bring forward items on a regular basis. Our follow-up found that management introduced new measures for setting bring forward (reminder) items. However, further measures are necessary to improve reporting of bring forward items to ensure that there is no significant backlog.

Our follow-up found two recommendations related to the review of the MCC program were partially complete. The original audit found that the MCC program review had not been completed and that a cost-benefit analysis had not been conducted of the 11 City run child care sites. As such, the audit recommended that the City complete the MCC program review and a cost-benefit analysis of the MCC program. Our follow-up found that management completed an MCC review and is in the process of finalizing the report. Since the original audit, management updated the allocation of budgets and costs in the City's financial system so that standard management reports more

accurately represent the full cost of operating the MCCs. However, we noted areas for improvement communicating the City's full cost per child care space.

The sixth recommendation that is partially complete relates to the completion of a development plan as part of a succession plan. The original audit found that while a number of successors had been identified for key positions across CSSD branches, the succession plan did not include a development plan. As such, the audit recommended that the City complete a development plan. Our follow-up found that management has made significant progress and is in the process of developing individualized development plans.

In summary, management has made good progress towards implementing the recommendations stemming from the 2017 audit. Recommendations covered a wide range of processes and activities aimed at improving the management of waitlist figures, fee subsidy funding, service levels, and administrative costs; the initial assessment process; the monitoring of funding agreements; and reporting. Management should continue its efforts towards completing the other recommendations to further strengthen their practices and procedures.

## **Acknowledgement**

We wish to express our appreciation for the cooperation and assistance afforded to the audit team by management.

## Detailed report – Assessment of implementation status

The following information outlines management's assessment of the implementation status of each recommendation as of September 30, 2019 and the Office of the Auditor General's (OAG) assessment as of February 28, 2020.

**Recommendation #1**

Table 2: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City ensure that the waitlist figures are accurate by changing the calculation to remove duplicates, children that have already been placed and children that no longer require the space.

**Original management response:**

Management agrees with this recommendation.

As part of Child Care Modernization efforts, the City of Ottawa assumed responsibility for the management and monitoring of the CCRAW from a third party in June 2014 and developed and implemented a new technology to support greater parental choice in child care. Further system changes were made effective January 1, 2016 to meet the business objectives under the new fee subsidy model. The implementation of the new technology required the migration of historical data and a new system and process for parents and staff to enter the information into the technology. Children’s Services is working with the vendor to identify enhancements to the system that will address duplicates, children that have already been placed and children that no longer require the space to ensure they are no longer included in the waitlist figures.

The City continues to work with the system developer, internal staff, parents and members of the child care community on an ongoing basis to support the new fee subsidy model and meet the needs of parents and child care service providers as it relates to subsidized children. As such, system enhancements continue to be identified as the accuracy of the fee subsidy waitlist remains a priority.

This recommendation will be implemented by Q1 2018.



**Management update:**

Implementation of this recommendation is complete.

The City and the Child Care Registry and Waitlist vendor (OneHSN) have implemented additional processes and controls to ensure the accuracy of the waitlist numbers. This includes a process to identify duplicate children on the waitlist. OneHSN then follows up with the applicants to identify which accounts need to be deactivated or if accounts can be merged. The City also implemented a monthly process whereby a random sample of children is tested to ensure waitlist accuracy and to correct inconsistencies. Finally, automatic controls were implemented by OneHSN to remove children who no longer require care from the waitlist.

**OAG assessment:**

The City has implemented processes to improve the accuracy of the waitlist figures. These processes include verification procedures to identify and resolve duplicates by extracting data from the Ontario Child Care Management System (OCCMS) and running a report to identify duplicates. A duplicate report is then sent to the OneHSN support team to follow up and action the necessary updates. One HSN is the City's vendor for the registry and waitlist system. Management indicated that there is no formal process to track the resolution of duplicates by OneHSN. OneHSN is working towards allowing access to the City to merge duplicate accounts which will streamline the process.

In addition, the City performs monthly tests of the data to ensure that children who have been placed or have been terminated are not reported in the waitlist figures.

**Recommendation #2**

Table 3: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City evaluate the costs and benefits of implementing a technology solution to reduce the manual effort involved in calculating the waitlist figures.

**Original management response:**

Management agrees with this recommendation.

Management will evaluate the costs and benefits of implementing a technology solution to reduce the manual effort involved in calculating the waitlist figures by Q4 2018.

**Management update:**

Implementation of this recommendation is complete.

The City has reduced the manual effort involved in calculating the waitlist figures by implementing various software enhancements and technology solutions. OneHSN has been contracted to provide additional enhancements and an in-house cost-effective macro has been designed to manipulate the extracted data from the OneHSN application to produce the waitlist dashboard figures. The City continues to work with OneHSN to further reduce the amount of data manipulation in generating the waitlist figures.

**OAG assessment:**

Management made the decision to incorporate automated processes to the extent possible with the existing vendor. While we did see evidence of a more automated process for compiling the data, management indicated that they did not do a cost-benefit analysis before moving in this direction.

**Recommendation #3**

Table 4: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That in the next Service Plan reported to Committee and Council, the City define the extent to which children with future start dates are included in waitlist figures.

**Original management response:**

Management agrees with this recommendation, and it has been implemented.

The waitlist system can now identify children according to their preferred start date, including current and future dates, which will be reported in the next Service Plan.

**Management update:**

Implementation of this recommendation is complete.

The City clearly defines the extent to which children with future start dates are included in the waitlist figures reported in the *Child Care and Early Years Service System Plan 2019-2023*, approved by City Council in September 2019.

Start dates in the 2019-2023 Service Plan are divided into three main categories: those who are looking to secure a space within the next three months, those who are pre-planning and have a preferred start date of three months or more into the future, and those who have a preferred start date in the past.

**OAG assessment:**

The 2019-2023 Service Plan quantifies the number of children on the waitlist by time frame. For example, the Service Plan reports how many children on the waitlist have a preferred start within the next 3 months, beyond 3 months, and those with a start date in the past.

**Recommendation #4**

Table 5: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

To improve the accuracy of the waitlist figures reported, that the City formalize a quality assurance and/or management review in the calculation process.

**Original management response:**

Management agrees with this recommendation.

A quality assurance and/or management review will be developed as part of the calculation process of waitlist figures by Q2 2018.

**Management update:**

Implementation of this recommendation is complete.

A quality review checklist has been created to ensure that quality assurance steps have been followed when creating the reported waitlist figures.

**OAG assessment:**

Management has implemented a process that verifies the accuracy of waitlist figures by conducting monthly verifications of the waitlist figures. This includes selecting a random sample of figures from the monthly dashboard and verifying the data to extract reports and investigating variances.

**Recommendation #5**

Table 6: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City update process documentation for generating waitlist figures.

**Original management response:**

Management agrees with this recommendation.

The current process for documenting and generating waitlist figures will be updated to reflect the steps involved in obtaining the data by Q2 2018.

**Management update:**

Implementation of this recommendation is complete.

The process documentation for generating the waitlist figures has been updated.

The process for downloading the data from the OneHSN database has been outlined along with a quality control verification for duplicates. The process to visualize the waitlist figures in the dashboard for management has also been documented.

**OAG assessment:**

Management has updated procedural documents to include procedures for retrieving data from relevant databases, applying macros and generating figures for the waitlist dashboard. In addition, procedures exist for verifying the accuracy of the data on a sample basis.

**Recommendation #6**

Table 7: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City correct the errors in the five files in the audit sample.

**Original management response:**

Management agrees with this recommendation, and it has been implemented.

The files requiring corrective action were assigned to a Team Lead, and the errors were corrected in December 2016.

**Management update:**

Implementation of this recommendation is complete.

The City has corrected the errors in the five files from the audit sample.

**OAG assessment:**

Management took action to correct the errors in each of the five files.

**Recommendation #7**

Table 8: Status

<b>Management update</b>	<b>OAG assessment</b>
Partially Complete	Partially Complete

**Audit recommendation:**

That the City develop and implement a plan to improve the initial assessment process to ensure compliance with policies and procedures and to assess the impact of these steps in reducing the rate of errors.

**Original management response:**

Management agrees with this recommendation.

Children’s Services has undergone a significant period of change as a result of Provincial Modernization, legislative changes and internal re-organization. This included the implementation of a new funding framework, system conversion, changes to the fee subsidy program that allowed for more parental choice and an expanded role in the delivery of child care.

During this period, processes, policies and procedures were under review and were continuously updated and rolled out to support staff in order to maintain responsive service delivery to families and children while balancing priorities.

As noted in this audit, processes were in place to support the initial eligibility assessment. Within the sample subsidy applications, the calculation of the parental contribution was completed in a timely manner (e.g. average of 3 days, well within the 10-day limit) with staff promptly assessing the initial applications for child care services with genuine care for applicants and recipients. Eligibility for a fee subsidy was correctly assessed for 22 out of the 23 applications.

Management has begun consulting and developing a plan to improve the initial assessment process to further ensure compliance with guidelines and procedures. A new Subsidy Coordinator training checklist is being implemented that includes training and monitoring of the initial assessment. Management has also prioritized refresher training on the initial assessment practice and procedure for existing staff.

Management will continue to determine what strategic improvements can be made in fee subsidy operations. This recommendation will be implemented by Q2 2018.

**Management update:**

Implementation of this recommendation is partially complete.

To better ensure compliance with policies and procedures during the initial assessment process, the City developed a training checklist to be tracked over a three-month period for new hires and those returning from leave. In addition to the training, the file review process was increased to five per cent to review more eligibility assessments completed by staff.

The City continued to train staff throughout 2018. When a review of the error rate was completed in Q3 2019, there was some variation in the consistency of the application of the policy and procedures. Consequently, the City is currently revising the process and it is expected to be implemented in Q1 2020. The goal of the process review is to reduce the administrative burden by focusing more on testing eligibility assessments and ensuring that the policies and procedures are followed. Furthermore, new guidelines regarding compliant versus non-compliant will be given to staff in Q1 2020 to ensure consistent reviews and a reduced error rate.

**OAG assessment:**

There is evidence that management implemented a plan to improve the initial assessment process by:

- Reinforcing policies and procedures with training and follow up communication
- Implementing the use a training checklist to track and monitor competencies and skills of new hires over a 3-month period
- Increasing file reviews to 5% of caseload

However, since management did not review and monitor the results of file reviews and the implication on the error rate, further measures are required to strengthen compliance with policies and procedures.

Management indicated that they have taken steps to refine the Child Care Subsidy Review Checklist to include clearer definitions of compliance versus non-compliance and that the error rate is being actively monitored at monthly subsidy coordinator meetings to assess the effectiveness of the training.



**Recommendation #8**

Table 9: Status

Management update	OAG assessment
Complete	Complete

**Audit recommendation:**

That the City revise its procedures for Team Leads’ reviews of initial assessments to:

- increase the percentage reviewed;
- obtain more representative coverage of files and employees;
- focus on files that represent a higher risk of error;
- document how files are selected; and
- address steps to take when errors are found.

**Original management response:**

Management agrees with this recommendation.

The supervisory review of child care fee subsidy files is a mandatory requirement of business operations to ensure that decisions are made in accordance with the Child Care and Early Years Act, Ontario Child Care Service and Management Funding Guidelines and City of Ottawa practices and procedures. The Guidelines are silent on the amount of file reviews a Consolidated Municipal Service Manager (CMSM) must complete to be in compliance.

In addition to the new Subsidy Coordinator training checklist (which includes a double-signature process for all new staff within the probationary period), the City of Ottawa’s File Review Practice and Procedure will be updated to initially increase the percentage of files reviewed from 2% to 5% per year. The methodology for file selection will include a representative sample of all staff conducting eligibility assessments.

The training plan and monitoring noted in the response to Recommendation 7 will ensure that steps are taken to address error trends identified through the file reviews. The percentage of files reviewed may be reassessed as a decrease in the rate of error is achieved.

This work will be completed by Q2 2018.

**Management update:**

Implementation of this recommendation is complete.

The City revised its procedures for reviews of initial assessments to increase the number of file reviews of eligibility assessments to five per cent while ensuring that new employees constitute a larger portion of the selected files as they represent a higher risk of error. Revised procedures include instructions to obtain representative coverage of employees when selecting files for review. Additionally, file reviews are documented by the coordinator in the Ontario Child Care Management System (OCCMS) and in an Excel tracker for error analysis. Current procedures direct staff on the steps to follow when corrective action is required.

**OAG assessment:**

Management has taken steps to revise file review procedures to increase the number of files reviewed, to assess compliance based on different metrics (for example, case management, applications or case management) and across different regions of the City. Management further revised file review procedures so that files with a higher risk of error are selected (for example, files handled by new employees or employees returning from leave).

Management also implemented the use of a file review checklist that assesses compliance against practices and procedures and flags files that need corrective action.

**Recommendation #9**

Table 10: Status

<b>Management update</b>	<b>OAG assessment</b>
Partially Complete	Partially Complete

**Audit recommendation:**

That the City ensure that required Team Leads’ reviews of initial assessments are completed each year.

**Original management response:**

Management agrees with this recommendation.

The local File Review Practice and Procedure will be revised to include a monitoring procedure by management to ensure that file reviews are completed each year. This work will be completed by Q2 2018.

**Management update:**

Implementation of this recommendation is partially complete.

The City reviews initial assessments during new employee training and when conducting file reviews. Successful monitoring and tracking of the five per cent target began in Q1 2019. A tracker exists to evaluate the completion of file reviews and is a standing item in the child care subsidy coordinator meetings where management is monitoring progress. The City is currently projecting to achieve the five per cent target in 2019.

While improvements were made to strengthen the review of initial assessments to ensure increased compliance, monitoring has not been fully implemented. As a result, a revised training process along with strong monitoring is currently being developed and will be implemented in Q1 2020.

**OAG assessment:**

While management took steps to revise procedures so that there was an increase in the number of file reviews, we noted a gap in management’s monitoring of the results in 2019 as the results of the file reviews were not being analyzed to identify potential areas for development. As of February 2020, management indicated that a training curriculum has been agreed upon and they plan to implement it in May 2020. In January 2020,

management began more active monitoring of the error rate to assess gaps in the file review process.

**Recommendation #10**

Table 11: Status

<b>Management update</b>	<b>OAG assessment</b>
Partially Complete	Partially Complete

**Audit recommendation:**

That the City conduct annual reviews, ongoing reviews and follow-up of bring forward items on a regular basis and monitor compliance.

**Original management response:**

Management agrees with this recommendation.

As described earlier in the rationale section of the report, the audit coincided with the implementation of significant changes in the delivery of child care services. This included the implementation of a new funding framework, changes to the fee subsidy program that allowed for more parental choice and an expanded role in the delivery of child care and municipal efforts to modernize services. Even with these significant changes, staff completed annual/ongoing reviews and followed up on bring forwards where possible with actions being taken on reported changes to the client files.

Management will ensure that annual reviews continue as per the local Annual Review Practice and Procedure. A local practice and procedure will be developed for ongoing reviews and follow-up of bring forward items within the case management function to ensure regularity and monitoring of compliance by Q4 2018.

The action planned in response to Recommendation 7 will also address training and monitoring of compliance.

**Management update:**

Implementation of this recommendation is partially complete.

Staff completed the 29-month backlog (2014-2016) of annual reviews identified in the audit, in approximately one year. Given the annual review requirement of the large backlog, those files were up again for review soon after the backlog was cleared. To increase case-management accountability and productivity, the fee subsidy office shifted to caseloads in October 2017. As a result, the 2017 annual reviews were fully

completed by Q3 2018 and staff were confident that the annual review cycle was under control.

In 2018, caseloads increased due to additional provincial funding, which resulted in approximately 2,000 additional children being supported. Staffing levels were increased to support these families and to meet our legislative requirements. Annual Reviews are being tracked by management and are projected to be current by Q4 2019 to ensure compliance with provincial legislation.

Exception reporting has been developed to monitor compliance of bring forward items. A standardized process for creating bring forward items has been implemented in all of the offices. Follow-up of bring forward items is reviewed by coordinators to ensure that the reminders are actioned.

**OAG assessment:**

Management has conducted annual reviews and file reviews to monitor compliance and meet provincial requirements. We reviewed examples of annual review performance reporting dashboards that track the progress of annual reviews. The dashboard also includes projections to inform management on the number of annual reviews that need to be completed over the remaining weeks of the year to meet the annual targets. Based on our review of the 2019 annual review dashboard, annual reviews for 2019 were around 96% complete.

In addition, management has taken steps to revise file review procedures to increase the number of file reviews each year. File reviews were increased from 2 to 5 files per month in 2018 whereas starting in 2019, file reviews were based on 5% of caseload. In 2019, approximately 300 file reviews were completed. This is in addition to the annual reviews that were conducted to meet provincial requirements.

In 2017, management introduced new measures in OCCMS for setting bring forward (reminder) items. This feature allows reports to be generated for review and follow up. Management indicated that bring forward items are reviewed by Subsidy Coordinators and that one-on-one meetings are held between the Subsidy Coordinators and Child Care Case Workers to ensure that reminders are actioned. However, we found that the bring forward reports are not saved and the results of the one-on-one meetings are not documented. This means that we could not assess whether bring forward items are being addressed on a timely basis and whether the review process is operating as intended. In addition, OCCMS does not generate reports that include due dates. As such, we were unable to assess whether the review of bring forward items is adequate

to ensure that there is no significant backlog of bring forward items that could affect a client's eligibility for subsidized child care services.

**Recommendation #11**

Table 12: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City consider changing the child care process to require parents to annually reapply for subsidized child care.

**Original management response:**

Management agrees with this recommendation.

The current local Annual Review Practice and Procedure identifies parental and staff responsibilities in the annual review process to resubmit documents to ensure ongoing eligibility within 12 months.

Management will consider implementing a re-application process for child care subsidy while balancing the need to ensure a continuity of care for children eligible for fee subsidy by Q4 2018.

**Management update:**

Implementation of this recommendation is complete.

The revised Rights and Responsibilities document that parents sign before receiving a fee subsidy was updated in 2018 to clearly state that it is the parents’ responsibility to renew their application twelve months after signing, and that failure to do so may result in an overpayment, and/or the termination of the child care fee subsidy. The annual review process acts as a compensating control to ensure that applicants re-apply annually

**OAG assessment:**

Management has implemented processes that require parents to renew their application every year. The policies and procedures for the annual review process incorporate measures to verify that parents/guardians have reapplied and that case workers have reassessed eligibility for child care.



**Recommendation #12**

Table 13: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City consider technology options to allow parents to electronically submit documentation.

**Original management response:**

Management agrees with this recommendation.

Technology options will be considered to allow parents to electronically submit documentation. An environmental scan will be completed by Q2 2018.

**Management update:**

Implementation of this recommendation is complete.

Allowing parents to submit documentation electronically has been considered. The City contracted OneHSN to provide this service and it is currently in the consultation and evaluation phase of roll-out. Testing is scheduled for December 2019 with a planned roll-out to the sector in 2020. OneHSN has submitted detailed steps on how the process will work. The fee subsidy office is reviewing and updating their processes to prepare to align with the new feature.

**OAG assessment:**

The City has collaborated with their existing service provider to incorporate the ability for parents to submit documents electronically. The expected launch date is 2020 after pilot testing has been completed.

**Recommendation #13**

Table 14: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City establish a policy/procedure for Children Services to address potential conflicts of interest in conducting assessments and reviews.

**Original management response:**

Management agrees with this recommendation, and it has been implemented.

Although the audit found no evidence of conflict of interest or related party transactions and subsidy staff in practice, adhered to the “Application for Assistance Made by Staff” Practice and Procedure, the Procedure was formally updated in April 2017 to specifically include child care subsidy staff. This information was shared with all staff via email on May 2, 2017.

**Management update:**

Implementation of this recommendation is complete.

The City has established a policy for Children’s Services to address potential conflicts of interest in conducting assessments and reviews. The procedure can be found on Ozone and is entitled: Procedure for Applications for Assistance Made by CSS Staff or their Immediate Family Members.

**OAG assessment:**

The policy on *Applications for Assistance Made by ESS Staff or their Immediate Family Members* requires any Employment and Social Services (ESS) employee who is aware that an immediate family member is applying for or is in receipt of a program or service delivered through an ESS site to inform a Team Lead or Coordinator so that appropriate action can be taken to resolve any potential conflict of interest.

**Recommendation #14**

Table 15: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City properly manage the fee subsidy budget and limit the approval of subsidized placements to the amount of the authorized budget and if required to the available reserve.

**Original management response:**

Management agrees with this recommendation.

On January 1, 2016, the fee subsidy model shifted to allow more parental choice where subsidy funds now follow the child, not the provider. This resulted in an increase in the number of children served. As noted in the audit there have been active processes in place to monitor the fee subsidy budget since the shift to the new model.

Budget reviews in early 2016 indicated a potential overspending of the fee subsidy budget. Forecasting the total costs of subsidies in the new model was complex as it had to consider a variety of factors including: age of the children, family income and, provider per diems.

Mitigation measures were implemented by prioritizing annual reviews over a number of months. When the annual reviews did not fully mitigate the financial pressures, management initiated steps to suspend fee subsidy placements. Children continued to be placed until September 30, 2016 as suspending access to new fee subsidy placements prior to September (which is the peak period for placements in child care) may have caused significant hardship to families and service providers. A notice period of a minimum of six weeks is required to inform the sector. This notice was sent in August 2016 to advise providers that at the end of September 2016, subsidies would be suspended pending available budget.

Changes were made to the placement technology and processes in Q1 2017. Functionality was added to advise service providers when subsidy funds are no longer available and subsidized children can no longer be placed. Both of these steps contribute toward the business objective of system sustainability. Effective March 15, 2017, new fee subsidy placements became available through attrition (i.e. children exit care / families no longer eligible) to assist the highest prioritized families.

Management will continue the work started in Q1 2017 to improve the budget monitoring tool and processes to align with the new fee subsidy model that was implemented in 2016. The current budget monitoring tool and process will be revised to reduce calculation errors, improve quality assurance and ensure placements are only approved within the available budget by Q4 2017. This response also applies to Recommendations 15 and 16.

**Management update:**

Implementation of this recommendation is complete.

The City properly managed the fee subsidy budget in 2017, 2018 and is projecting to be on budget for 2019. This was achieved by developing a Fee Subsidy Budgeting Dashboard and ongoing monthly management meetings. Minutes of these meetings were documented effective January 2018.

**OAG assessment:**

Management implemented the use of a dashboard to monitor the fee subsidy budget. Based on our review of information, management actively monitors the fee subsidy budget as part of regular management meetings which included discussing actual costs compared to budgeted costs, service targets and projections.

**Recommendation #15**

Table 16: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	No longer applicable

**Audit recommendation:**

That the City change the spreadsheets used in the fee subsidy management calculations to correct the calculation errors.

**Original management response:**

Management agrees with this recommendation.

The spreadsheets used for fee subsidy management calculations are being reviewed and revised to ensure accuracy in reporting. This work began in Q2 2017 and is expected to be completed by Q4 2017.

**Management update:**

Implementation of this recommendation is complete.

The spreadsheets used in the fee subsidy budget calculations were discontinued and a new process to monitor the fee subsidy budget was launched in Q1 2017. Refer to supporting documentation provided in Recommendation #14.

**OAG assessment:**

This recommendation is no longer applicable as the spreadsheets used for the subsidy management calculations were discontinued. Management initiated a new process using a dashboard to monitor the fee subsidy budget which was reviewed as part of our follow-up work for assessing management’s implementation of Recommendation #14.

**Recommendation #16**

Table 17: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City implement quality control and/or management review steps in the fee subsidy monitoring calculation process.

**Original management response:**

Management agrees with this recommendation.

Management review approaches that build on work that began in Q2 2017 will include quality assurance related to the fee subsidy monitoring calculation process. This work will be completed by Q4 2017.

**Management update:**

Implementation of this recommendation is complete.

Quality control reviews of the fee subsidy monitoring calculation process were implemented on a periodic basis beginning in Q2 2018. In 2019, the quality control process was strengthened by defining testing procedures and a minimum test threshold.

**OAG assessment:**

Management implemented a quality review process to verify the accuracy of the fee subsidy calculations which includes applying a series of test procedures on the data and reviewing the fee subsidy dashboard at management meetings.

**Recommendation #17**

Table 18: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City consider the costs and benefits of expanding attendance monitoring procedures to provide assurance that the children for whom the City is paying a fee subsidy are attending the centres.

**Original management response:**

Management agrees with this recommendation.

The City of Ottawa is currently in compliance with Provincial requirements associated with attendance reporting.

A review of attendance monitoring approaches will be completed to determine if other processes can provide any additional assurance that the children are attending the centres and submitting accurate attendance data. This work will be completed by Q4 2018.

**Management update:**

Implementation of this recommendation is complete.

An extensive environmental scan of the attendance monitoring processes and practices of other municipalities was completed in 2018. The purpose was to gather information on best practices used to monitor and control the accuracy of reported attendance records of children receiving fee subsidies. The environmental scan pointed to four attendance monitoring options to which a cost-benefit approach was applied. The recommended option was to implement an in-house attendance audit process. This work will begin in Q1 2020.

**OAG assessment:**

Management conducted an environmental scan by gathering best practices from other agencies to inform potential improvements to monitoring and tracking attendance at child care centres. The results of management's environmental scan led to a decision to pilot the implementation of random attendance audit which is expected to start in 2020.



**Recommendation #18**

Table 110: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City direct staff to comply with the Overpayment and Recovery procedure and quantify and recover amounts for past periods where parents did not notify the City of their change in status

**Original management response:**

Management agrees with this recommendation and it has been implemented.

Staff were provided comprehensive training in March 2017 on the recently reviewed and revised local Overpayment and Recovery Practice and Procedure.

**Management update:**

Implementation of this recommendation is complete.

The Overpayment and Recovery Practice and Procedure was revised in August 2018 to streamline and clarify procedures and to ensure that overpayments are quantified and recovered. The City conducted several staff training sessions with staff to reinforce Overpayment and Recovery Practice and Procedures. Overpayments and recovery amounts are tracked in the Overpayment Tracking Tool and the OCCMS Billing Module – Overpayment Recovery (OBM OPR) Reports.

**OAG assessment:**

Management conducted training sessions and reinforced the requirement to comply with the Overpayment and Recovery Procedures with regular correspondence.

The Overpayment and Recovery Procedures provide explicit guidance on what constitutes an overpayment, the triggers that might result in an overpayment and the steps to take to quantify and recover amounts.

We examined evidence of overpayment calculations and recovery procedures verifying that the correct amount was calculated and set up as a receivable in SAP.

**Recommendation #19**

Table 20: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City monitor compliance with the Overpayment and Recovery procedure.

**Original management response:**

Management agrees with this recommendation and it has been implemented.

The audit found that procedures were in place to calculate and recover overpayments and management has also provided training as indicated in the response to Recommendation 18.

In April 2017 staff were provided with a tool to track all overpayments as a means to monitor compliance. Compliance will be further verified through the increased file reviews by the Team Leads as outlined in the response to Recommendation 8.

**Management update:**

Implementation of this recommendation is complete.

Overpayments and recovery amounts are tracked in the Overpayment Tracking Tool and the OBM OPR Reports. Monitoring occurs during the file reviews, which affects five per cent of the files per year and, a monthly review of the Overpayment Tracking Tool. Refer to supporting documentation provided in Recommendation #18.

**OAG assessment:**

For details see assessment for Recommendation #8 and Recommendation #18 above.

**Recommendation #20**

Table 21: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City reconcile the Aged Accounts Receivable reports for Child Care to the General Ledger account in the accounting system on an ongoing basis.

**Original management response:**

Management agrees with this recommendation.

The Aged Accounts Receivable reports will be reconciled to the General Ledger account by Q4 2017 and then on an ongoing basis thereafter.

**Management update:**

Implementation of this recommendation is complete.

Reconciliations have been completed on an ongoing basis in 2017, 2018 and 2019.

**OAG assessment:**

We saw evidence that the reconciliations were being completed.

**Recommendation #21**

Table 22: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City review its inventory of CSSD procedural documents, prioritize the processes and ensure key processes are documented and updated as required.

**Original management response:**

Management agrees with this recommendation and it has been implemented.

Despite the significant changes referenced in the audit, it was noted that a large number of process flowcharts and procedural documents exist.

As part of the Practice and Procedure work plan, Children’s Services will ensure that fee subsidy practices and procedures are prioritized, documented and updated in accordance with a regular review cycle.

**Management update:**

Implementation of this recommendation is complete.

The City reviewed its inventory of Employment and Social Services child care subsidy and Children’s Services procedural documents and created five-year review cycle tracking tools to ensure that key processes are prioritized, documented and updated as required.

**OAG assessment:**

A tracking tool was created that lists all procedural documents and the planned review date for each document based on priority. Based on the work performed for this follow up, the updates and revisions to procedures demonstrate that procedural documents have been updated. Examples include procedures relates to file review, termination, fee subsidy eligibility, and overpayments and recovery.

**Recommendation #22**

Table 23: Status

<b>Management update</b>	<b>OAG assessment</b>
Partially Complete	Partially Complete

**Audit recommendation:**

That the City complete the MCC Program Review as soon as possible in 2017.

**Original management response:**

Management agrees with this recommendation.

In April 2016 Council approved the mandate of the Municipal Child Care Centres and, a viability and sustainability workgroup was established in Q3 2016. A framework is currently being developed that will include key metrics that guide recommendations and decision-making. This work will be completed by Q4 2017.

**Management update:**

Implementation of this recommendation is partially complete.

Recent and continued provincial changes (2015-2019) in the child care and early years sector have significantly impacted Children’s Services and the operations of the Municipal Child Care Centres. The City (Children’s Services) needed time to assess and adapt to these changes prior to reviewing the MCC program, which resulted in a delay.

A framework with key metrics on vulnerability (fee subsidy and access) and a full financial analysis was developed to guide recommendations and decision-making. The MCC Program Review report is currently close to completion and is expected to be presented to Committee and Council at the end of Q1 2020.

**OAG assessment:**

Management provided a draft report in relation to a Municipal Child Care Centre Review (the “Review”) that was conducted by Children’s Services. The draft report that we reviewed was based on available information as of February 28, 2020. We understand that management is in the process of finalizing the report and that they plan to present it to Committee and Council later in 2020.

The Review assessed whether Municipal Child Care Centres align with the Council approved mandate for Municipal Child Care Centres. This mandate is to serve vulnerable families in regions where demand exceeds capacity and other child care service providers are not able to shift their service offerings.

## Recommendation #23

Table 24: Status

Management update	OAG assessment
Partially Complete	Partially Complete

### Audit recommendation:

That the City document the costing methodology and standards to be used in the compilation of the cost/benefit analysis of the MCC Program.

### Original management response:

Management agrees with this recommendation.

The cost/benefit analysis methodology and standards will be documented as part of the framework outlined in the response to Recommendation 22. This work will be completed by Q4 2017.

### Management update:

Implementation of this recommendation is partially complete.

Recent and continued provincial changes (2015-2019) in the child care and early years sector have significantly impacted Children's Services and the operations of the Municipal Child Care Centres. The City (Children's Services) needed time to assess and adapt to these changes prior to reviewing the MCC program, which resulted in a delay.

A framework with key metrics on vulnerability (fee subsidy and access) and a full financial analysis was developed to guide recommendations and decision-making. A detailed cost/revenue analysis was conducted for each Municipal Child Care Centre and was documented in the report. The MCC Program Review report is currently close to completion and is expected to be presented to Committee and Council at the end of Q1 2020. Refer to supporting documentation provided in Recommendation #22.

### OAG assessment:

Since the original audit, management has updated the allocation of budgets and costs in SAP, the City's financial system, so that standard management reports now more accurately represent the full cost of operating the MCCs.

We reviewed management's draft report in relation to its Municipal Child Care Centre Review which it plans to present to Committee and Council later in 2020. The report includes figures from the financial system to represent the costs of running the MCCs. However, our opinion is that these costs could be presented in a manner that more clearly communicates the cost per child care space in an MCC versus the prices charged by other operators.

The report compares the council approved user fees to community rates. However, the council approved user fees do not recover the City's full costs of operating the MCCs. The City's substantial "municipal contribution" is included in the report, but the City's full cost per space, which is roughly double the council approved user fees, is not presented. We believe that comparing the City's full costs per space to the prices charged by other operators is an important part of a cost/benefit analysis of the MCC Program.



**Recommendation #24**

Table 25: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City retain source documents and implement a quality control review of the figures in future SPs.

**Original management response:**

Management agrees with this recommendation.

All source documents will be retained and a quality control review of the reported figures will be included in future Service Plans. This will begin in Q2 2018 to align with the next Service Plan.

**Management update:**

Implementation of this recommendation is complete.

The *Child Care and Early Years Service System Plan 2019-2023* was approved by City Council in September 2019. All data sources/raw data files used to derive figures reported in the Service System Plan were retained. An Excel spreadsheet containing a complete list of all reported demographic/service data figures and associated sources, calculations and explanatory notes (on data manipulation and cleaning) was prepared and retained. All figures related to the consultation findings were taken directly from the consultation findings report prepared by EKOS Research Associates. A quality control review of reported figures was also implemented and documented.

**OAG assessment:**

Management implemented a process to validate the figures in the *Child Care and Early Years Service System Plan 2019-2023*. This process includes various levels of review of the data as well as documenting the source for all figures.

**Recommendation #25**

Table 26: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City improve the management reporting for the annual review performance reporting dashboard.

**Original management response:**

Management agrees with this recommendation.

Management currently receives a number of reports related to various aspects of the business, including: the waitlist, the fee subsidy budget, workload, etc. The frequency of the reports varies and may be provided on a weekly, monthly, quarterly and/or annual basis. Management disseminates the reports/data on an as-needed basis, including a dashboard of annual review measures.

Improvements to the accuracy of reporting have been made and/or are underway in areas such as the waitlist, the fee subsidy budget monitoring reports and, overpayment recoveries that will contribute to informed decision-making. This work will be completed by Q2 2018.

**Management update:**

Implementation of this recommendation is complete.

The dashboard referenced in the audit was discontinued and a new process to monitor the backlog was launched in Q4 2017. A management report was provided monthly that summarized the completion progress of the annual review backlog.

Once the backlog identified in the audit was complete, the fee subsidy office used various reporting methods in 2018 to monitor progress. Original reporting tracked completion by week by office. Later reports began to provide more detail and tracked upcoming and outstanding annual reviews by case worker by month. In an effort to continuously improve the process, a refreshed dashboard for monitoring the completion of annual reviews was adopted in Q4 2019.

**OAG assessment:**

We reviewed examples of annual review performance reporting dashboards that track the progress of annual reviews. The dashboard also includes projections to inform management on the number of annual reviews that need to be completed over the remaining weeks in the year to meet the annual targets.

**Recommendation #26**

Table 27: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City develop and implement the use of file documentation checklists to monitor agreement compliance by service providers.

**Original management response:**

Management agrees with this recommendation and it has been implemented.

In January 2017, management established the Children’s Services Funding and Financial Accountability Branch to build on existing practices related to the monitoring, oversight and accountability of service providers.

New contribution agreements were implemented in 2016 in association with the new funding model. This includes enhanced reporting requirements that will be monitored yearly to ensure compliance. A file documentation checklist has also been developed to monitor agreement compliance by service providers.

**Management update:**

Implementation of this recommendation is complete.

The City (Funding and Financial Accountability Branch in Children’s Services) has improved the monitoring, oversight and accountability of service providers through active contract management. Effective 2017, an Annual Reporting Checklist template was implemented to monitor document submission, contribution agreement compliance and ongoing financial eligibility to receive funding. Results for each service provider are input into a tracking tool to monitor compliance.

**OAG assessment:**

The City developed the use of an Annual Reporting Requirements Checklist which includes a list of documents that should be submitted by service providers under the terms and conditions of the funding agreements.

The City also uses a Compliance Tracking Tool to track annual reporting requirements. For each quarter, management tracks whether funds should be released as well as the results of actions/follow up taken with the agency based on whether annual document submission requirements have been met.

Based on our sample testing, the City has taken steps to actively monitor compliance with funding agreements and to recover amounts overpaid where applicable.

**Recommendation #27**

Table 28: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City aggressively monitor and take meaningful documented actions with service providers to ensure agreement compliance.

**Original management response:**

Management agrees with this recommendation and it has been implemented.

As described in the response to Recommendation 26, the Children’s Services Funding and Financial Accountability Branch will continue to monitor ongoing agreement compliance with service providers, including documentation while balancing availability of child care spaces and continuity of service for families.

**Management update:**

Implementation of this recommendation is complete.

The City (Funding and Financial Accountability Branch in Children’s Services) has improved the monitoring, oversight and accountability of service providers through active contract management. Effective 2017, the City requires the completion and submission of a yearly Schedule of Revenues and Expenses, reviewed by an Auditor, to ensure that funding has been used for its intended purpose and to improve accountability of service providers.

The City also implemented an Annual Reporting Checklist template to monitor document submission, contribution agreement compliance and ongoing financial eligibility to receive funding. Results for each service provider are input into a tracking tool to monitor compliance and payments are withheld in cases of non-compliance.

**OAG assessment:**

The City monitors compliance with contracting obligations through the use of an Annual Reporting Requirements Checklist which includes verifying that key documents are received from service providers prior to processing payments. In addition, an Excel compliance tracking tool is used to monitor and update the results of follow up actions with the service providers.

The City also has implemented the requirement for agencies to submit an unaudited annual schedule of revenues and expenses prepared by a third party to conclude on whether the use of funds is in accordance with the terms of the funding agreements. Based on the results of our sample testing, the City has implemented processes to monitor service providers' compliance with funding agreements which includes recovering excess payments when applicable.

**Recommendation #28**

Table 211: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City implement a quality assurance/management review process to ensure completeness of service provider files and to improve oversight.

**Original management response:**

Management agrees with this recommendation and it has been implemented.

As described in the response to Recommendation 26, the Children’s Services Funding and Financial Accountability Branch has implemented a checklist that includes a review by a second party to ensure quality assurance.

**Management update:**

Implementation of this recommendation is complete.

The City (Funding and Financial Accountability Branch in Children’s Services) has improved the monitoring, oversight and accountability of service providers through active contract management. The City implemented an Annual Reporting Checklist template to monitor document submission, contribution agreement compliance and ongoing financial eligibility to receive funding. A two-person quality assurance verification of the Annual Reporting Checklist was also implemented.

Refer to supporting documentation provided in Recommendation #26

**OAG assessment:**

For details see assessment for Recommendation #26 above.



**Recommendation #29**

Table 30: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City establish procedures to report and monitor service level and administrative cost targets with sufficient lead time to take any necessary corrective action.

**Original management response:**

Management agrees with this recommendation.

Historically, Children’s Services has met and exceeded Provincial service level targets as a result of the municipal contribution that surpassed the Provincial requirement. The service level targets for 2017 were approved by the Ministry of Education in July 2017.

The Children’s Services Funding and Financial Accountability Branch have been working with the Financial Services Unit to develop a practice to monitor service level targets and administrative cost targets that includes regular reporting to align with the 2017 Provincial contribution agreement. This work will be completed by Q3 2017.

**Management update:**

Implementation of this recommendation is complete.

Through the fee subsidy budget monitoring process (as described in Recommendation #14), the City reports and monitors fee subsidy service level targets using the Fee Subsidy Budgeting Dashboard and ongoing monthly management meetings. Minutes of these meetings were documented effective January 2018.

Administrative costs are monitored through regular, monthly meetings held by management, with well documented minutes effective June 2018.

**OAG assessment:**

The City developed a Fee Subsidy Dashboard that tracks service level targets which are being monitored on a monthly basis at management meetings.

Based on results of sample testing, administrative costs are being monitored and discussed at monthly Children's Services finance meetings.

**Recommendation #30**

Table 31: Status

<b>Management update</b>	<b>OAG assessment</b>
Partially Complete	Partially Complete

**Audit recommendation:**

That the City complete a development plan as part of the CSSD succession plan.

**Original management response:**

Management agrees with this recommendation.

As mentioned in the audit critical positions required to ensure business continuity were identified and documented, including potential successors for these positions across CSSD branches.

Management continues to have regular one-to-one conversations with staff about performance and development as part of the annual performance review cycle.

Management will follow the corporate direction to develop a comprehensive succession plan. This will be completed by Q4 2018.

**Management update:**

Implementation of this recommendation is partially complete.

The City created a workplan to implement its succession plan.

A job profile was completed for positions in Children’s Services outlining the main duties and responsibilities, education, language abilities, knowledge and skills required. A criticality assessment was also conducted to identify which positions exert critical influence on the operational activities, including leadership roles. Next steps of the process include: the identification of potential successors for each critical position and the development of individual plans for their development. The estimated timeline for completion of the Children’s Services succession plan is Q2 2020.

**OAG assessment:**

Management has made significant progress by undertaking steps to identify critical positions, the skills needed to fill those positions and creating fulsome job profiles for each position. Management has identified potential successors and is in the process of developing individualized development plans.

**Recommendation #31**

Table 32: Status

<b>Management update</b>	<b>OAG assessment</b>
Complete	Complete

**Audit recommendation:**

That the City reconstitute the Social Services Centre Joint Health and Safety Committee and recommence quarterly meetings.

**Original management response:**

Management agrees with this recommendation and it has been implemented.

Occupational Health and Safety requirements are being addressed in a timely fashion in 14 of the 15 sites where child care services are being delivered, with monthly inspection reports being completed, hazards assessed and action planned and/or taken as required. The remaining site was able to secure quorum and recommenced quarterly meetings in July 2016.

**Management update:**

Implementation of this recommendation is complete.

All Social Services Centre Joint Health and Safety Committees are active and meeting on a quarterly as per the standards of the Occupational Health and Safety Act.

**OAG assessment:**

Based on our review of documentation for 2018 and 2019, there is evidence that the Joint Health and Safety Committees in each of the regions (West, East, Central, and South) have been meeting on a quarterly basis.

Table 33: Status legend

<b>Status</b>	<b>Definition</b>
<b>Not started</b>	No significant progress has been made. Generating informal plans is regarded as insignificant progress.
<b>Partially complete</b>	The City has begun implementation; however, it is not yet complete.
<b>Complete</b>	Action is complete, and/or structures and processes are operating as intended and implemented fully in all intended areas of the City.
<b>No longer applicable</b>	The recommendation is obsolete due to time lapses, new policies, etc.